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ECONOMIC AND INDUSTRIAL AFFAIRS

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11 January 1984

EAST EUROPE REPORT

ECONOMIC AND INDUSTRIAL AFFAIRS

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CEMA POLICY, AGRICULTURAL RESULTS IN 1970'S VIEWED

Prague PLANOVANE HOSPODARSTVI in Czech No 9, 1983 pp 61-75

[Article by Marie Cutkova, Dhd, Candidate for Doctor of Science and Lecturer Eng Vaclav Prucha, Candidate for Doctor of Science: "Agricultural Production Performance in the 1970's and Current Issues of Agricultural Policy in the European Countries of CEMA"]

[Text] In 1980 in the European countries of CEMA, agriculture accounted for 7-17 percent of the gross national product and occupied 11-30 percent of the economically active population.¹ To date the higher numbers have been recorded by those countries where agriculture was dominant in the economic structure prior to World War II, while the lowest percentages were characteristic of the CSSR and the GDR.

Even though the weight of agriculture within the national economy has been declining over the long term, it is a sector which has a very important and irreplaceable role. It produces some of the basic necessities of life for the population as well as certain raw materials for industry, and its production capabilities influence to no small extent the balance and goods structure of foreign trade. The successful development of agriculture is one of the main preconditions for the implementation of the economic and social policies of the communist and workers' parties of the socialist countries and of further progress in overcoming the historically conditioned differences between the countryside and the city. The attainment of self-sufficiency in agricultural products throughout the entire CEMA community is a particularly pressing task at the present time, because grain and other agricultural products have become strategic products in relations between the capitalist and socialist world systems and between the developed capitalist states and the Third World. An additional factor which agricultural policy cannot fail to take into account is the general increase in world market prices for agricultural products which took place in the 1970's.²

The socialization of agriculture had been either almost or fully completed in all the European countries of CEMA with the exception of Poland by the early 1960's. In 1980 the socialist agricultural sector in Poland accounted for 25.5 percent of gross agricultural production, in Romania 85.6 percent and in all other countries surveyed 95.5-100 percent.³ While cooperatives predominate in the agriculture of the GDR, Hungary, and the CSSR, in the Soviet Union sovkhozes operated on more than double the soil area of kolkhozes.

On the Development of Agricultural Production, 1970-1980

Land is an essential element in agricultural production. In 1980 agriculture was utilizing not quite 25 percent of the surface area of the USSR and about 60 percent of the territory of the remaining European countries of the CEMA. And although the land stock of the European countries of CEMA has on the whole expanded in the 1970's with the utilization for agricultural purposes of new areas in the USSR, in most of the remaining countries under study declines in agricultural land have been recorded. On a per capita basis, developments have also been unfavorable in the Soviet Union; only in the GDR was there no worsening evident, but this was due to its own specific population development trends. (see Table 1).

Table 1. Land Stock in 1970 and 1980

Půdní fond v letech 1970 a 1980							(7)
(1) Rok	(2) Výměra půdy tis. ha	(3) země- dělské	(4) orné	(5) Podíl zem. půdy na území v %	(6) Podíl orné půdy na zem. půdě v %	Výměra půdy na 1 obyvatele v ha	(8) zem. půda (9) orná půda
BLR (10) 1970	6 010		4 142	54,1	68,9	0,71	0,49
1980	6 185		3 827	55,7	61,9	0,70	0,43
ČSSR (11) 1970	7 093		4 998	55,4	70,5	0,49	0,35
1980	6 851		4 810	53,5	70,2	0,45	0,31
MLR (12) 1970	6 875		5 189	73,9	75,5	0,67	0,50
1980	6 627		5 024	71,3	75,8	0,62	0,47
NDR (13) 1970	6 286		4 018	58,2	73,5	0,37	0,27
1980	6 269		4 760	58,0	75,9	0,37	0,28
PLR (14) 1970	19 543		15 080	62,4	77,1	0,60	0,46
1980	18 947		14 544	60,5	76,8	0,53	0,41
RSR (15) 1970	14 930		9 733	62,7	65,2	0,74	0,48
1980	14 963		9 824	62,9	65,7	0,67	0,44
Úhrn zemí (16) 1970	60 737		43 740	61,3	72,0	0,59	0,42
1980	59 842		42 789	60,4	71,5	0,55	0,39
SSSR (17) 1970	545 778		226 648	24,2	41,5	2,25	0,93
1980	553 565		227 117	24,7	41,0	2,08	0,86

Key:

- | | |
|--|---------------------------------|
| 1. Year | 8. Agricultural land |
| 2. Amount of land in thousands
of hectares | 9. Arable land |
| 3. Agricultural | 10. Bulgarian People's Republic |
| 4. Arable | 11. CSSR |
| 5. Agricultural land as percentage
of total territory | 12. Hungarian People's Republic |
| 6. Arable land as percentage of total
agricultural land | 13. GDR |
| 7. Amount of land per capita in
hectares | 14. Polish People's Republic |
| | 15. Romanian Socialist Republic |
| | 16. Total of these countries |
| | 17. USSR |

Source: Statistical Yearbook [SJ] of CEMA Member Countries for 1981, pp 7-8, 196-197; Statistical Yearbook of the CSSR for 1982, pp 26-27.
Some calculations from raw data.

Given the growing populations and the restricted amounts of land useable for agricultural purposes, the preservation of the land stock is a continually more pressing task. During the 1970's the CEMA member countries issued several legal standards in this area, none of which, however, have been effective enough. A long range task is likewise the improvement of soil quality through extensive improvement activities, increasing the percentage of arable land in appropriate areas and the recultivation of devastated plots.

The volume of gross agricultural production increased in all of the European countries of CEMA during both the 1971-1975 and the 1976-1980 5-year periods. Planned increases, however, were achieved and surpassed only in Hungary and Czechoslovakia in the years 1971 through 1975. In the second half of the decade the growth rate of agricultural production in all of the countries in question except Romania was lower than in 1971-1975, which is in part explained by an unusual accumulation of poor harvest years. The less favorable development following 1975 may also be partially explained by the greater frequency of years with an absolute decline in production--as a group the seven European countries of CEMA experienced annual declines 14 times in the 1976-1980 period, while in the years 1971-1975 there were a total of only eight declines.⁴ The average annual increase in gross agricultural production over a 10-year span (the 1976-1980 period in comparison with the 1966-1970 plan) fluctuated between 1.6 percent for the GDR and 4.7 percent in Romania (Table 2).

Table 2. Average Annual Growth in Gross Agricultural Production (in %)

Country	1971-1975 ^a		1976-1980 ^a		1966/70-1976/80 reality
	plan	reality	plan	reality	
Bulgaria	3.2-3.7	2.3	3.7	2.1	2.2
CSSR	2.7	2.9	2.7	1.8	2.3
Hungary	2.8-3.0	3.5	3.2-3.4	2.6	3.0
GDR	2.4	2.1	2.6	1.1	1.6
Poland	3.6-3.9	3.1	3.0-3.5	0.3	1.7
Romania	6.3-8.3	4.7	5.1-7.6	4.7	4.7
USSR	3.7-4.1	2.5	3.0	1.5	2.0

Notes: a) average annual growth in comparison with preceding 5-year plan

Sources: for planned increases - On the Five-Year National Economic Development Plans for CEMA Member Countries for 1971-1975, Moscow, CEMA Secretariat, 1972, p 72; Economic Development in Advanced Countries in 1981. Prague, Information Center for Science, Technology and Economy, 1982, p 133; Reality--calculations from data in SJ, 1972, p 166; 1976, p 179; 1981, p 191.

The next table provides a picture of the overall increase in agricultural production and of production increases per hectare of agricultural land and per capita. These indicators compare the averages for 1976-1980 with the 1966-1970 5-year plan. The increase in gross agricultural production over this 10-year period was 58 percent in Romania, 35 percent in Hungary, and 18-26 percent in the

remaining countries. Likewise, production per hectare increased the fastest in Romania and in Hungary. Gross agricultural production per capita in the 1976-1980 period was 43 percent higher in Romania than in the 1966-1970 5-year plan, but only 9 percent higher in Poland (see Table 3).

Table 3. Index of Gross Agricultural Production, Production per Hectare of Agricultural Land and Production per Capita in 1976-1980
(1966-1970 = 100)

Country	Amount of Agricultural Land	Population	Gross Agricultural Output		
			total	hectare of agriculture land	per capita
Bulgaria	104.8	105.3	124.7	119.0	118.4
CSSR	97.5	105.5	125.9	129.1	119.3
Hungary	97.0	104.0	134.6	138.8	129.4
GDR	99.5	98.2	117.5	118.1	119.7
Poland	97.3	108.7	118.5	121.8	109.0
Romania	100.4	110.9	158.3	157.7	142.7
USSR	101.3	109.6	121.6	120.0	110.9

Sources: SJ 1972, pp 6-8, 166, 173-174; 1981, pp 8, 191, 196-197.
Independent calculations.

The agricultural work force declined in all the countries studied between 1970 and 1980, and most prominently in Romania--from 49 percent to 30 percent of the economically active population in relative terms. Both absolute and relative declines were the least in those countries where the agricultural work force represented the smallest percentage of the total, in the CSSR and the GDR. The greatest increases in agricultural labor productivity were recorded in Romania (about 10 percent annually), Bulgaria and Hungary (5-6 percent per year).

The number of people active in agriculture per 100 hectares of agricultural land varies widely. In the Soviet Union, where there are vast expanses of fairly unproductive land and a low percentage of arable land, there were only 5 agricultural employees per 100 hectares of agricultural land in 1980, while in the remaining countries the figure ranged from 13-23 persons; the largest numbers were recorded by Poland, with its primarily village-centered small scale production structure which requires an excessively large work force. In 1970 there were 4-15 inhabitants in specific countries per agricultural worker, and 7-20 inhabitants per agricultural worker 10 years later (the extremes being Romania and the GDR); for the CSSR the figures were 12 and 16, respectively.⁵

In the 1970's investments in agriculture in all of the European CEMA countries expanded substantially from the preceding decade. If one discounts a few temporary year to year declines, the physical volume of agricultural investment displayed a rising trend in Bulgaria and the GDR until 1977, and in the CSSR, Hungary and Poland until 1978. In Romania and the USSR this increase continued into 1979 and 1980, but even here the increases were more gradual than before. This development coincided both with overall cutbacks in the investment sphere at the end of the 1970's and with a decline in the share allotted to agriculture

in the overall volume of investment commitments in most of the countries in question. In Bulgaria, the GDR and Romania, agriculture's share of investment resources declined throughout the entire decade. Relatively, the greatest share of total investment quotas was allotted to agriculture by the Soviet Union, with agriculture representing the smallest percentage of these allotments in the CSSR and the GDR. (Table 4)

Table 4. Growth Rates of Investments in Agriculture^a and Their Percentage of Total National Economic Investment

	(1) Index fyzického objemu investic		(3) Investice do zemědělství		Podíl investic do zemědělství na celkovém objemu investic v % ^b			
	(2) Investice úhrnem	1980	1976-80	1970	(4) 1975	1980	1971-75	1976-80
		(1970=100)	(1971-75=100)					
BLR (5)	184	149	119	15,7	14,6	12,4	15,8	13,4
ČSSR (6)	169	170	131	10,7	12,3	10,7	11,5	11,5
MLR (7)	158	109	114	19,0	13,8	14,6	15,1	15,1
NDR (8)	150	114	110	13,3	12,7	9,7	12,6	10,3
PLR (9)	210	193	148	16,3	13,5	16,9	14,0	16,7
RSR (10)	259	203	154	16,4	13,5	13,3	14,4	13,8
SSSR (11)	166	188	129	17,7	20,8	20,2	20,1	20,4

Key:

1. Index of physical investment volume
2. Total investment
3. Investment in agriculture
4. Agricultural investment as percentage of total investment volume
5. Bulgaria
6. CSSR
7. Hungary
8. GDR
9. Poland
10. Romania
11. USSR

Notes: a. all data including forestry

b. calculations based on raw data in current prices

Sources: Physical investment volume from SJ 1976, p 146; 1981, pp 142, 148; investment percentage for 1971-1975 calculated from data in SJ 1976, pp 139, 143; in years 1976-1980 from SJ 1981, pp 141, 145.

Extensive capital investment in agriculture led in all the European countries of CEMA to a dynamic increase in the volume of capital assets and in capital assets per hectare of agricultural land. The value of capital assets per agricultural employee indicator recorded an even more precipitate increase (90-260 percent from 1970 to 1980).

Mechanization was improved primarily in the areas of working the soil, the harvesting of grains, root crops and oil plants and, in certain branches, of livestock production. Much agricultural investment, however, did not produce the expected effect and on the whole the growth rate of agricultural production was relatively low in comparison with investment inputs and the increases in capital stock.

Agriculture as a percentage of all capital assets increased in most of the countries in question during the 1970's. There were declines only in Poland and in Romania. Nevertheless, Poland had the highest percentage in 1980 (16.1 percent). The other countries ranged from 8.4 percent in the GDR to 13.6 percent in the USSR, with the figure for the CSSR being 8.7 percent.⁶

Deliveries of industrial fertilizers to agriculture continually increased in those countries with lower consumption per hectare of land, but elsewhere had stagnated by the end of the decade (the CSSR and Poland) or had declined (in Hungary). In Romania there was a significant decline in 1980, and in the GDR deliveries of industrial fertilizers peaked in 1974 and had been reduced by almost 10 percent by the end of the decade. In the USSR there are great differences in the application rates of industrial fertilizers between areas with extensive and intensive agricultural production. Table 5 presents 5-year averages for deliveries of industrial fertilizers.

Table 5. Industrial Fertilizer Consumption, Expressed as Net Nutrients
(average annual indicators for 5-year period)

	(1) Úhrnem v tisícetech tun			(2) Na 1 hektar půdy v kg			
	1966-70 .	1971-75	1976-80	zemědělské (3)	orné (4)	1971-75	1976-80
BLR (5)	651	632	758	106	122	157	188
CSSR (6)	1049	1442	1706	206	248	272	327
MLR (7)	613	1205	1468	177	219	218	272
NDR (8)	1445	1728	1699	275	270	355	338
PLR (9)	1854	3062	3013	159	191	208	241
RSR (10)	541	890	1274	60	85	85	121
SSSR (11)	8453	13765	18064	25	33	62	81

Key:

- | | |
|-------------------------------------|-------------|
| 1. Total in thousands of tons | 7. Hungary |
| 2. Per hectare of land in kilograms | 8. GDR |
| 3. Agricultural | 9. Poland |
| 4. Arable | 10. Romania |
| 5. Bulgaria | 11. USSR |
| 6. CSSR | |

Source: SJ 1972, pp 242-243; 1976, pp 230-231; 1981, pp 239-240.
Calculations from annual data

While in the USSR, Romania and Bulgaria benefits may still be gained from increasing industrial fertilizer application rates per hectare, the CSSR and the GDR are already approaching the limit above which these applications may

not be increased over the long term without threatening the quality of the land and of agricultural production. In terms of the efficient allocation of resources, emphasis must be placed in all countries of CEMA on differentiating the application rates and composition of industrial fertilizers according to specific soil and climatic conditions.

Livestock production increased as a percentage of total agricultural production in the course of the decade in all the countries in question. The average for the 1976-1980 period ranged from 43 to 72 percent, while a decade earlier the figures had been 34-55 percent. The livestock component was the greatest in the GDR and the CSSR in the 1976-1980 period, and the lowest in Romania, Poland and Bulgaria. The rate of increase in livestock production as compared with plant production was the most marked in Bulgaria, the GDR and Poland (Table 6).

Table 6. Structural Shifts Between Plant and Livestock Production

		(1) Podíl v procentech				(2) Index (1966-70=100)		(3) Roční pří- růstek (%) ^a			
		1966-70		1971-75		1976-80		1976-80			
		(4) R	(5) Z	R	Z	R	Z	R	Z		
	BLR (6)	65,5	34,5	59,4	40,6	54,5	45,5	110,4	147,4	1,0	4,0
	ČSSR (7)	47,5	52,5	45,2	54,8	44,2	55,8	117,1	133,6	1,6	2,9
	MLR (8)	56,7	43,3	54,6	45,4	52,2	47,8	125,8	145,3	2,3	3,8
	NDR (9)	45,4	54,6	42,3	57,7	38,0	62,0	105,8	128,3	0,6	2,5
	PLW (10)	61,9	38,1	53,1	46,9	54,7	45,3	105,5	134,9	0,5	3,0
(11)	RSR	62,0	38,0	59,4	40,6	56,6	43,4	144,1	182,3	3,7	6,2
	SSSR (12)	51,0	49,0	48,5	51,5	45,9	54,1	117,2	127,0	1,6	2,4

Key:

- | | |
|--|-------------|
| 1. Share as a percentage | 7. CSSR |
| 2. Index (1966-70=100) | 8. Hungary |
| 3. Annual increase (in %) ^a | 9. GDR |
| 4. Plant production | 10. Poland |
| 5. Livestock production | 11. Romania |
| 6. Bulgaria | 12. USSR |

Notes: a) average annual increase for decade 1966/70-1976/80.

Sources: SJ 1971, pp 188-189; 1972, pp 31-38; 1973, pp 188-189; 1976, pp 180-181; 1981, pp 17-24, 192-193. Independent calculations. Shares of plant and livestock production for 5-year period are calculated as the arithmetic means of the annual shares.

In an attempt to improve the composition of the food available to their populations in the direction of biologically more highly valued foods of livestock origin, some CEMA countries began to give preference to livestock production in the early 1970's. Other countries, the CSSR being one example, attempted even at that time to avoid a disproportion between both of these basic branches of agriculture, and planned greater increases in plant production with the emphasis on fodder production; even in these instances; however, livestock production rose faster.

An increasing percentage of livestock production is a general trend in agriculturally advanced states. In the CEMA countries, however, the excessive growth rate of livestock production in the 1970's produced tension in the fodder base and pressure on the foreign trade balance, either through greater requirements for fodder imports (at a time when their prices were increasing rapidly) or through the exhaustion of exporting possibilities in this area. By the end of the 1970's virtually all of the countries in question, with the exception of Hungary, were experiencing deficits in fodders which had become the limiting factor in the further development of livestock production in view of the limited resources available for their importation from nonsocialist states. The focus of the CEMA countries on self-sufficiency in agricultural production demands the systematic expansion of domestic fodder bases and the adaptation of the composition of livestock herds to the structure of available fodders as dictated by the specific conditions of individual countries.

The structure of plant production saw a number of changes in the 1970's, some of which had the character of more general trends noticeable in all or in almost all of the European countries of CEMA. There was a relative decline in the importance of the cultivation of potatoes, sugarbeets, flax and hemp in favor of grains, as well as cotton and tropical fruits in the USSR. Differing trends took shape in individual countries in oil plant crops, fodder root crops, fodders including silage corn, tobacco, vegetables and fruits. In grains, the production of which is indicated in Table 7, wheat, barley and corn increased at the expense of rye, oats and pod crops. Developments in the USSR were distinguished by the dynamic growth of oat and rice production and the stagnating production of grain corn.

Table 7. Total Grain Production and Production per Capita (annual average in 5-year periods)

Country	Production (1,000 tons)		Index	Production/capita		Index
	1966-70	1976-80	(1966/70=100)	in kg		(1966-70=100)
	<u>1966-70</u>	<u>1976-80</u>	<u>1976-80</u>	<u>1966-70</u>	<u>1976-80</u>	<u>1976-80</u>
USSR	167,562	205,048	122.4	703	785	111.7
Other 6						
countries	59,272	79,245	133.7	582	732	125.8
Total	226,834	284,293	125.3	667	770	115.4

Sources: SJ 1972, pp 6-8; 1981, pp 8, 210. Calculations from annual data.

The increase in grain production has amounted to 25.3 percent over 10 years and has been influenced by an increase in per hectare yields and a change in the structure of grain crops to those with the highest yields--corn, wheat and barley. The average per hectare yield of grain crops increased during the decade in question most markedly in Hungary (by 1.63 tons), Romania (by 1.07 tons) and in the CSSR (by 1.03 tons), with the lowest increases occurring in Poland (0.47 tons) and the Soviet Union (0.23 tons). The highest grain crop yield of

the 1966-1970 period (2.94 tons in the GDR) had been surpassed 10 years later by all of the countries in question except Poland and the USSR, with Hungary occupying the first position with a yield of 4.16 tons and Czechoslovakia in second place with 3.69 tons. Absolutely the highest yield was the 4.85 tons recorded in Hungary for corn. The annual per capita production of grain crops for all European CEMA countries combined reached 770 kg in the 1976-1980 period with figures for the individual countries as follows: GDR 544 kg, Poland 564 kg, CSSR 674 kg, USSR 785 kg, Romania 892 kg, Bulgaria 905 kg and Hungary 1,196 kg.⁷

Of the three main livestock products the 1966/70-1976/80 decade saw more substantial increases in meat and egg production than of milk production. As shown in Table 8, individual branches of livestock production developed very differently in the CEMA countries.

Very favorable results were achieved in Hungary where at the end of the 1970's the annual per capita production of meat had reached the 140 kg mark, and average annual per cow milk production had increased from 2,252 kg of milk of 1970 to 3,704 kg of milk in 1980 (the 1980 figures for other countries ranged from 1,960 kg of milk in Romania to 3,407 kg in the GDR). Hungary also recorded the highest per capita egg production, while Poland achieved the highest per capita milk production despite a relatively low per cow production figure. Wool production was a less dynamic branch of livestock production: it increased by 13 percent in the 1970-1980 period to 571,000 tons in 1980, 80 percent of which was accounted for by the USSR and 13 percent by Romania and Bulgaria.⁸

The makeup of meat production differed substantially between the USSR and the other CEMA countries. That of the Soviet Union was characterized by the largest and, moreover, moderately increasing share of beef (45 percent of 1980 production as compared with 13-27 percent in the other countries). The percentage of pork in the USSR had declined to 34 percent in 1980 (while elsewhere it had risen to 45-68 percent). Common to all countries was a declining percentage of mutton and the increasing presence of poultry, which accounted in 1980 for 8-23 percent of the total production of meat. Three countries--Hungary, Romania and Bulgaria--were producing more poultry than beef by the end of the 1970's. Mutton accounted for a significant percentage in 1980 only in Bulgaria (accounting, along with goat meat, for 14 percent of total production).⁹

While the priority given in the smaller CEMA countries to the raising of swine and poultry certainly supported an increase in meat production, it also came to run increasingly afoul of limited domestic resources of fodder concentrates. Cattle raising produces the greatest amount of livestock protein for human nutrition, and primarily from those fodder resources which cannot be used for food production. Cattle raising is also an important factor in improving fertility because it returns to the land a great proportion of its energy intake in the form of cattle urine and also enriches the soil with organic substances. Several CEMA countries have, therefore, gradually reassessed their concepts for developing livestock production and have placed greater emphasis on cattle raising.

Table 8. Aggregate per Capita Meat, Milk and Egg Production (annual averages for 5-year period)

Ukazatel (8)	(1)	BLR (2)	CSSR (3)	MLR (4)	NDR (5)	PLR (6)	RSR (7)	SSSR
Maso a sádlo (porážková hmotnost) (9)	A	497	1038	989	1245	2180	802	11583
	B	740	1454	1467	1821	3004	1623	14826
	C	150	140	148	146	142	202	128
	D	85	90	138	109	88	74	57
Mléko (10)	A	1582	4735	1744	6795	14688	3969	80553
	B	2033	5896	2292	7289	16814	5422	92808
	C	129	120	131	107	114	137	115
	D	231	377	215	435	481	248	355
Vejce slepičí (11)	A	1536	3340	2787	4114	6511	2909	35183
	B	2138	4691	4475	5287	8523	6193	62179
	C	139	140	161	129	131	213	177
	D	242	310	419	315	244	283	238

Key:

- | | |
|-------------|------------------------------------|
| 1. Bulgaria | 7. USSR |
| 2. CSSR | 8. Indicator |
| 3. Hungary | 9. Meat and fat (slaughter weight) |
| 4. GDR | 10. Milk |
| 5. Poland | 11. Chicken eggs |
| 6. Romania | |

- A - production in thousands of tons (and millions of eggs), annual average for 1966-1970
- B - production in thousands of tons (or millions of eggs), annual average for 1976-1980
- C - Index for 1976-1980 (1966-1970=100)
- D - per capita production in kg (or numbers of eggs), annual average for 1976-1980

Sources: SJ 1972, pp 229, 233, 239; SJ 1981, pp 230, 232, 236.
Calculations from annual data.

In the years 1970-1980 cattle herds underwent almost no change in Hungary, but increased elsewhere so that by the end of 1980 there was a total of 20 million more cattle (15.7 percent) in the European CEMA countries. The increase in swine was even more substantial, amounting to 24 million head (21.7 percent). While the critical portion of the increase in cattle and poultry was accounted for by the Soviet Union, almost 75 percent of the remaining six countries shared in the absolute increase in swine.¹⁰

Current Issues of Agricultural Policy in the European CEMA Countries

Agricultural policy for the period of the 1981-1985 5-year plan (in some instances to the end of the 1980's) has been approved as a component of overall economic policy at the most recent congresses of the communist and workers' parties of

the European CEMA countries. In a number of countries this agricultural policy was subsequently made more specific at plenary sessions of central committees or in special position papers, of which the food program of the USSR for the period through 1990 is of exceptional significance.

A comparison of the objectives, tasks and agricultural policy mechanisms in individual countries points to a number of similar features. Just as in their overall national economies, the CEMA member countries are attempting in agriculture as well to intensify and make production more effective by emphasizing the broader application of scientific and technical progress, the proportional development of individual sectors of agriculture and the improvement of management and incentive techniques. This is a long-range task encompassing the planned development of the entire agroindustrial complex including the training of qualified employees and the improving of production services for agriculture, transportation, storage and marketing of primary agricultural products and food industry output. Further progress is also planned in the area of interenterprise specialization and cooperation and in the intensification of integrational processes, particularly related to the implementation of a long-range priority program of cooperation between the CEMA member countries in the area of agriculture and the food industry.

This long range priority program was approved at the 33d CEMA Plenum in June 1978 and is to be fully implemented by 1990. It is directed at the principal tasks for the assurance of the needs of the CEMA member countries in selected types of foods and agricultural raw materials. The soil and climatic conditions of individual countries are to be utilized to the maximum extent in achieving an efficient division of labor, stimulating the production of products now in short supply and advantageous exchange relationships. This long range priority program in the agricultural sector and the food industry is divided into 14 subprograms, among which an important role is played by the coordination of approaches in the area of fodder production and enhancement.

It is a strategic objective of the agricultural policy of the CEMA member countries to achieve self-sufficiency in foods (the USSR, CSSR, GDR and Poland) and to increase export surpluses for those countries with a positive foreign trade balance in foods and fodders (Bulgaria, Hungary and Romania). Table 9 provides an approximate picture of the level of self-sufficiency in selected agricultural products towards the end of the 1970's, based on 1978 data (in plant production this was an average year for Hungary and Romania, and a favorable year for the other countries). At a given level of consumption the European CEMA countries were self-sufficient in vegetables, meat and butter, and had deficits of 7 percent in grains and 5 percent in fruits (with the deficit in sugar covered mostly by imports from Cuba). The greatest surplus over domestic requirements was recorded by Hungary, with the GDR being the least self-sufficient. It should be remembered that the GDR has the lowest per capita amount of agricultural land, but the highest absolute level of per capita food consumption. On the average for the years 1976-1980 Czechoslovakia was 93-94 percent self-sufficient in temperate zone foods.

The core of the USSR food program is the objective of providing from domestic resources "the stable supplying of the population with all types of foods and a substantial improvement in the nutritional structure of the Soviet people through the production of the highest value foods."¹¹

In "Main Objectives in the Economic and Social Development of the CSSR in the 1981-1985 Period," the gradual achievement of self-sufficiency in grain production and a further increase in self-sufficiency in food production is listed as a "pressing task for the Seventh 5-Year Plan." The National Economic Development Plan of the GDR for the Years 1981-1985 sets as a goal the assurance of the stable supplying of the population with quality foods and of industry with domestically produced raw materials by the continually improved utilization of land.

Grain imports should decline by 1 million tons from 1980 levels by 1985.¹²

Likewise, numerous 1983 documents and speeches in Poland describe the achievement of self-sufficiency in food as one of the strategic objectives of economic policy. The joint plenum of the PZPR Central Committee and the Supreme Committee of the United Peasant Party in January 1983 directed the government of the Polish People's Republic to allocate in upcoming years at least 30 percent of gross investment to agriculture and the food industry, to incorporate the goal of increasing self-sufficiency into the 3-year plan for 1983-1985 and also to formulate along these lines a draft program for the development of the Polish agricultural sector and food industry through 1990. In the socioeconomic plan approved by the Sejm in March 1983 for 1983-1985 the primary objective among the top four priorities was "to provide for the feeding of the population with less dependence on food imports, and primarily grain."¹³

In Bulgaria the critical link in the food self-sufficiency of the country is the grain industry. In his Report on the Activities of the Bulgarian Communist Party to the Twelfth Congress and Future Party Objectives, T. Zivkov stated that "the rapid increase in grain production and its increased efficiency must be considered the main strategic objective of agriculture in the Eighth 5-Year Plan." Hungary, which among the European CEMA countries has enjoyed the most favorable foreign trade balance in foods in recent years, has set itself the goal of strengthening the export character of agriculture during the current Sixth 5-Year Plan and expanding exports of primary agricultural products by 50 percent and of food industry products by 30 percent. Production for export will be supported by the priority granting of credits (in 1976-1980, 50 percent of agricultural credits served to stimulate exports, and 76 percent of all food industry credits were for this purpose). In Romania, efforts to increase production and exports in this 5-year plan are connected with the onset of the "agricultural revolution," which is intended to raise the material and technological base of agriculture to a qualitatively new level.¹⁴

Table 9. Level of Natural Self-Sufficiency for Selected Agricultural Products in 1978 (in percentages)

Country	Grains	Sugar	Vegetables	Fruit	Meat	Butter
Bulgaria	95	65	112	106	114	99
CSSR	92	128	79	70	a	100
Hungary	104	92	104	116	120	103
GDR	74	86	92	50	99	105
Poland	75	115	100	88	104	99
Romania	104	100	106	102	111	168
USSR	93	78	99	94	99	98
Total ^b	93	83	100	95	c	100

Notes: a) about 101 percent in 1979; b) in 1973 grains 92, sugar 74, vegetables 100, fruit 95, meat 102, butter 90 percent; c) in 1978, 103 by author estimate.

Sources: E. Sivrova, "Development of Agriculture in Socialist Countries and Developed Capitalist Countries in the 1970's and a View to the 1980's." Prague, Information Center for Science, Technology and Economy, 1982, p 76.

Agricultural production development plans for the years 1981-1985 in individual CEMA countries have established average annual growth targets in the range of 1-5 percent higher than the average for 1976-1980. In comparison with the realities of the past 5-year plan, these plans project approximately the same growth in Hungary, the GDR and Romania and for faster growth in Bulgaria, Czechoslovakia and the USSR, (see Table 10). In Poland, where in 1982 gross agricultural production was about 7 percent below the 1976-1980 average, an overall increase of 9 percent is planned for the 1981-1985 period, assuming normal climatic conditions, meaning that agricultural production in 1985 ideally would surpass the 1976-1980 average by about 2 percent.¹⁵

The national economic plans of the European CEMA countries for 1981-1985 (and likewise in the USSR and Poland the agricultural development plans through 1990) all project, with the exception of that of Bulgaria, an increased rate of growth for plant production in comparison with livestock production. If this intention is successfully implemented, it would mean a break in the long-term structural trend towards an increasing share for the livestock component in gross agricultural production. This faster growth for plant production is motivated above all by the attempt to adapt the volume of livestock production to the fodder base of the individual countries and thereby improve the foreign trade balance either by reducing imports of fodder and other plant products from the capitalist countries or by increasing an export surplus. For plant fats, fruits and vegetables, giving priority to increasing production is desirable also from the viewpoint of increasing the quality of the diet of the population. In most CEMA countries there is also significant underutilized capacity in the fodder industry, the activization of which would lend support to cattle and sheep raising.

Table 10. Planned Annual Increases in Agricultural Production for 1981-1985 and Actual Growth in 1981 and 1982 (in percent)

Country	1976-80 ^a	1981-1985 ^a	1981 ^b	1982 ^b	1981 ^b	1982 ^b
	Actual	Plan	Plan		Actual	
Bulgaria	2.1	3.4	4.7	2.2	4.0	4.7
CSSR	1.8	1.8-2.2	2.6	3.2	-2.5	1.1
Hungary	2.6	2.3-2.8	3.0	4.0-4.5	0.0	5.0
GDR	1.1	1.1	0.8 ^d	0.2 ^d	2.0	
Poland	0.3	-	-	-	4.1	-4.5
Romania	4.7	4.5-5.0	9.0 ^e	6.8 ^e	-0.9	
USSR	1.5	2.5	11.7	10.2 ^f	-2.0	4.0

Notes: a) average annual increase compared with previous 5-year plan; b) increase compared with previous year; c) in part preliminary data; d) net output including food industry, in 1982 also including forest products output; e) net output; f) calculation based on annual average production in 1976-1980.

Sources: Table 2; Economic Development in Advanced Countries in 1981. Prague, Information Center for Science, Technology and Economy, 1982, pp 133-134; CSSR Statistical Yearbook, 1982, pp 279, 681-684; economic performance reports for 1982, published in the daily press of the CEMA countries, in the HIZ and in overviews of HOSPODARSKE NOVINY from January to March 1983.

The grain industry is the focus everywhere of the development of plant production in 1981-1985,¹⁶ even though it is possible to find in all the CEMA countries crops for which an even greater increase in production has been projected. In the USSR, for instance, this includes pod crops, oil plants, fruits and vegetables, in the CSSR oil plants, hops, vegetables and fruits, as well as overcoming the stagnation in sugar beet production. Bulgaria is expanding the area allotted to vineyards, sugar beets, sunflowers, tobacco and vegetables. Romania has set itself the goal of increasing by 1985 its production of sugar beets by 100 percent, vegetables by 80 percent, potatoes by 70 percent, and sunflowers by 50 percent over the average figures for 1976-1980.¹⁷

In livestock production the projected trends are not the same everywhere, but for the most part emphasis has been placed on increasing the raising of cattle and in some countries even of sheep. In Poland there will be a radical reduction in poultry flocks. The planned increase in milk production is based above all on increased per cow production--in the USSR, for instance, this increase is to account for 80 percent of the projected total, while in the 1976-1980 period it accounted only for 46 percent of the increase in milk production, meaning that in this period the rise in milk production came mainly from increases in dairy herds.¹⁸

There are very basic differences in the investment policies of the individual CEMA countries. While in the USSR and in Poland agriculture is the main investment priority in the current 5-year plan, in countries with the most intensive production--but also in Romania--agriculture's share of total investment is either declining or stabilizing. The food program of the USSR projects that in the 12th 5-Year Plan (1986-1990), one-third of all investment resources will be allocated to the agro-food complex. In the 11th 5-Year Plan Soviet agriculture is to receive 27 percent of these resources, with the entire agro-food complex receiving almost one-third of all investment resources. In Poland, where the overall volume of investment is being substantially reduced, the share allotted to agriculture and the food industry is to increase from 26.4 percent in 1981 to 30 percent in 1985. In Hungary, the percentage of investment resources allocated to agriculture will decline from the 15 percent average of the 1976-1980 period to 13 percent, and in Romania from 14 to 13 percent. Investments in the agro-food industry are being directed to a greater extent than in the past to soil improvement, cattle raising, the construction of storage facilities and field access roads, the conservation of energy and fuels through the modernization of agricultural equipment, transportation resources and equipment and on the technical modernization of selected food industry sectors.

Dosages of industrial fertilizers are to increase most substantially in Romania (more than double), both by increasing their production and by limiting exports of them. In the USSR dosages of industrial fertilizers are to be 50 percent higher in 1985 than at the end of the 10th 5-Year Plan.¹⁹

The common characteristics of the agricultural policies of the European CEMA countries in the 1980's include increased efforts to minimize losses during the harvesting, transportation, storage and processing of agricultural products and to an expansion of the product mix of the food industry. Numerous measures have been adopted to support the private plot economy and the production of other small-scale growers and breeders so as to increase their level of self-sufficiency and to increase the supplies available for market. It is also necessary to do away with unjustified differences in the economic performance of agricultural enterprises and to create the economic, social and culturally political preconditions for the further convergence of the country and city way of life.

Agricultural Production Performance in 1981 and 1982

The development of agricultural production in the European CEMA countries in 1981 and 1982 was highly differentiated. As Table 10 indicates, Bulgaria and Hungary fulfilled or exceeded the planned growth rate for both years. In 1981 there were unfavorable climatic conditions primarily in the CSSR, Romania and the Soviet Union, while increased production in Poland was far from adequate to make up for previous declines. In 1982 performance improved in all countries but Poland and the GDR. Of the five countries which published data for 1982, the volume of gross agricultural production was higher than the average of 1976-1980 in Hungary by 10 percent, in Bulgaria by 9 percent, in Czechoslovakia by 3 percent, in the USSR by 1 percent, while in Poland there was a decline of 9 percent.²⁰ Taking into account isolated data concerning the 1982 performance of agriculture in the GDR and Romania, it may be stated that the early 1980's have not been favorable for the agriculture of the European CEMA countries, with the exception of Hungary and Bulgaria.

In the Soviet Union a critical evaluation of agricultural production led to the formulation of the food program for 1990 and a number of measures to improve management and provide production incentives. A positive phenomenon of the year 1982 was an increase of 6 percent in labor productivity at agricultural enterprises (in industry and construction the increases were 2 percent). Agriculture received in this year 26.5 percent and the entire agro-food complex 32 percent of the total volume of investment resources for the national economy.²¹

In 1982 the GDR achieved a record grain harvest (more than 10 million tons, with an average per hectare yield of 3.98 tons), but production of most of the other important crops except fruits declined substantially because of dryer weather in comparison with 1981. In livestock production the procurement plan was fulfilled and exceeded only for eggs. Food industry production increased in 1982 by 1.7 percent.²²

In Czechoslovakia, after the unfavorable opening to the 7th 5-Year Plan, there was success in 1982 in increasing the volume of agricultural production, moderating the disproportion between plant and livestock production, and restricting dependence on fodder imports. Plant production increased by 9 percent in 1982, to reach the second highest volume in history after the record year of 1978. In livestock production, which declined by 4 percent in 1982, the desired structural changes were implemented, namely a reduction in the number of swine and an increase in cattle herds. Table 11 shows the relationship between the growth rates of both components of agricultural production in the CSSR and the other countries.

Table 11. Percentage Increases in Plant and Livestock Production in 1981-1982

Country	1981		1982		Average for 1981-1982	
	RV	ZV	RV	ZV	RV	ZV
Bulgaria	6.7	0.7	6.4	3.0	6.6	1.9
CSSR	-5.3	-0.5	8.9	-4.2	1.8	-2.4
Hungary	-2.1	2.1	6.0	4.0	2.0	3.1
GDR	1.9	2.3				
Poland	19.6	-12.9	-3.3	-5.8	8.2	-9.4
Romania	0.7	-3.3				
USSR	-3.8	0.0				

RV-plant production ZV-livestock production

Sources: for 1981--calculations from raw data and indexes in Statistical Yearbook of the CSSR for 1982, pp 279, 681-684. For 1982--HIZ 1983, No 8, pp 22-23; No 9, p 2; No 13, p 4 and following.

In Poland a lack of fodder forced a radical reduction in livestock production to the level at the beginning of the 1970's. It was necessary to substantially limit grain imports, which in 1980 reached--given inconsequential exports--7.7 million tons, of which 3.5 million tons was wheat.²³ Accelerating increases

in the incomes of the population combined with relatively low food prices until 1980 and inadequate production levels resulted in an extensive and uncovered demand for food which had negative sociopolitical consequences. The temporary solution was to institute a rationing system, first for sugar and later on for meat and other foods. Price modifications in 1982 to some extent moderated the disequilibrium in the market for foodstuffs, but the low volume of state procurement of agricultural products from private farmers and out of control speculation remains a serious problem in contemporary Polish life. The 1983 plan projects a 2-percent increase in agricultural production.

Acute supply problems also occurred in 1981 in Romania where agricultural production had stagnated in 1980-1981 below the 1979 level, while the taut balance of payments situation forced increased exports of food, making it increasingly difficult to cover domestic market demand for food at low prices. In the fall of 1981 decrees were issued on the regulation of the sale of basic foods, the struggle against speculation and the self-supplying of specific areas of the country. The objective of these measures is to guarantee to all citizens a level of consumption corresponding to rational nutritional needs. A general improvement in the supply situation became evident after the 1982 harvest, which produced record grain production (22.3 million tons) and record production for a number of other products. The agricultural plan for 1983 has set the goal of increasing gross agricultural production by 5.1-5.6 percent and net production by 6.1 percent.²⁴

The dynamic development of Hungarian agriculture has been continuing despite a low 1981 harvest. Production intensity has been successfully increased, as has the export character of the sector. These positive results are confirmed as well by increased food industry production, which was the greatest of all the industrial sectors, along with the general engineering sector, in 1982.²⁵ The successes of Hungarian agriculture are respected very much abroad, and the other CEMA countries will be trying to utilize its positive experiences from recent years.

Bulgaria has set itself demanding tasks for this 5-year plan and so far is over-fulfilling them. In contrast to the objectives of the plan, however, plant production is increasing faster than livestock production. In 1982 a record grain harvest was achieved and the planned level of production in 1985 was exceeded. High year to year increases were also recorded in the production of sugar beets, potatoes, tobacco, meat and milk. The 1983 plan projects an increase of 2.7 percent in agricultural output.²⁶

In the time since World War II the agriculture of the European CEMA countries has had many successes. Socialist production relationships have taken permanent root, a high level of production concentration and mechanization of agricultural work has been achieved, there has been a substantial increase in the volume of both plant and livestock production accompanied by a significant decline in the work force, and there has been a qualitative change in the lifestyle of the village.

In the 1980's it is essential to assert more firmly in agricultural policy such trends as the comprehensive approach to agriculture, the taking into account of its ever more complicated ties to other national economic sectors, the

intensification of domestic and international production specialization, support for interenterprise production cooperation, the further improvement of the qualifications structure of the agricultural work force, etc. Of particular importance are measures to improve the planned management of the agroindustrial complex and provide better economic incentives which individual socialist states have been introducing since the start of the 1980's.²⁷

Initial experiences have indicated that these measures are focusing agricultural production in the required directions not only of greater intensify and production effectiveness, but also in deepening the democratic elements in agricultural enterprise management and increasing the interest of agricultural employees in production performance.

FOOTNOTES

1. "Statistical Yearbook of CEMA Member Countries [hereafter SJ] 1981," Moscow 1981, pp 44, 403-405. Percentages include forestry.
2. The principal price increase occurred in 1973-1974. An index of world prices with 1970=100 reached 282 for foods in 1974 and 223 for agricultural raw materials. Fluctuations in both directions later became evident, but oscillated around this higher level. ECONOMIC INFORMATION FROM ABROAD [hereafter HIZ] No 23/1979, p 33.
3. The socialist sector also includes the personal economic activities of agricultural cooperative members and other employees of the socialist sector of the national economy (including those not employed in agriculture). Such operations make a significant contribution in some countries to total agricultural production. In 1980 they accounted for (including independent small farmers), for instance, about 40 percent of the meat and lard produced in Bulgaria and Romania, most of the eggs produced in Romania, Hungary and Bulgaria, 57 percent of Romanian milk production and about 30 percent of the milk production of Hungary and the USSR. (SJ 1981, p 40 and calculations based on the data on pp 228-233.)
4. SJ 1976, p 179; 1981, p 191.
5. Calculations and estimates based on these sources: National Yearbooks of the CEMA countries; CSSR Statistical Yearbook for 1982, pp 22-25; Prucha, V. and collective, Economic History of European Socialist Countries, Prague, Svoboda, 1977, pp 580-581.
6. SJ 1981, p 50.
7. SJ 1981, pp 216, 235. In part, recalculations from annual data. For comparison purposes it should be noted that in the record harvest of 1982 the 10 member states of the European Economic Community harvested 128 million tons of grains, or about 470 kg per capita (HIZ No 11/1983, p 80).
8. SJ 1981, pp 232-234.
9. SJ 1981, pp 228-229. Calculations from raw data.

10. SJ 1981, pp 222-223. Calculations based on annual data for individual countries. Absolute herd sizes of economic livestock in 1980 for all the European CEMA countries were as follows (in millions, percentage of the USSR in parentheses): cattle, 147.4 (78); composed of cows, 57.3 (76); swine, 136.6 (54) of which 10.1 million were females (42); sheep, 177.4 (80); poultry, 1,413.4 (73).
11. The USSR Food Program Through 1990 and Measures for Its Implementation. Prague, Svoboda, 1982, p 27.
12. Collection of the Major Documents of the 16th CPCZ Congress. Prague, Svoboda, 1981, p 128. HIZ No 19/1981.
13. HIZ No 6/1983, p 77; TRYBUNA LUDU 23 March 1983.
14. Twelfth Congress of the Bulgarian Communist Party. Prague, Svoboda, 1981, p 31; L. Urban and O. Ler, National Economic Development Plans of the CEMA Countries for 1981-1985. Prague, Information Center for Science, Technology and Economy, 1982, pp 131, 135; HIZ No 9/1983, p 79.
15. HIZ No 13/1983, p 4 and following; TRYBUNA LUDU 23 March 1983.
16. In the 1981-1985 period, average annual grain harvests for the USSR are projected to be 238-243 tons, or 33-38 million tons above the averages for the 1976-1980 5-year plan. In the remaining six countries there is to be a grain harvest in 1985 of about 99 million tons, or 20 million tons more than the average for the 1976-1980 period. The highest per hectare yields are planned for Hungary--an average for 1981-1985 for wheat of 4.5-4.8 tons and for corn of 5.5-5.7 tons. (Table 7; Urban and Ler, op. cit., various places. Calculations based on data of individual countries.
17. Urban and Ler, op. cit., pp 95, 168.
18. HOSPODARSKE NOVINY No 4/1983.
19. Data on investment and industrial fertilizers from Table 6, guidelines of congresses of communist and workers parties, 5-year plans, USSR food program from above cited publication of Urban and Ler, pp 149, 116, 131, 167.
20. Calculations from data in Table 10 and indexes from CSSR Statistical Yearbook for 1982, pp 681-684.
21. HIZ No 7/1983, pp 8-21.
22. HIZ No 6/1983, p 19.
23. SJ 1981, pp 376, 380.
24. HOSPODARSKE NOVINY No 11/1982; 9/1983; HIZ No 1-2/1983, p 82.
25. HIZ No 3/1983, p 2.

26. HIZ No 3/1983, pp 6, 10; 8/1983, pp 18-27.
27. For instance, in the CSSR there are Measures To Improve the Planned Management System of Agriculture From 1982. In the USSR the May plenum of the CPSU Central Committee approved, along with the "Food Program," a number of additional binding resolutions for the management of agriculture and other sectors of the agroindustrial complex and measures to strengthen the economies of kolkhozes and sovkhozes, to upgrade the personnel at agricultural enterprises with managerial employees and experts, to increase the economic incentives of agricultural employees, employees, expand apartment construction in the countryside, etc.

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POLAND'S ROLE WITHIN CEMA DISCUSSED

Lodz GLOS ROBOTNICZY in Polish 17 Oct 83 p 5

[Article by Janusz Obodowski, PhD, vice premier: "Cooperation -- An Important Factor in Economic Development"]

[Text] The development of events in Poland after August 1980 provides specific evidence that the imperialist countries, and especially the United States, have again challenged the socialist countries. This confirms convincingly the need for further strengthening economic cooperation within the framework of CEMA, as well as for securing stable foundations of our development, combining our efforts, resources and knowledge, and joint solving of problems which our brotherly states face.

This is especially necessary for Poland, which is in the course of overcoming a deep crisis. The program of fighting it was adopted at the Ninth Extraordinary Congress of the PZPR in July of 1981. The program provides mainly for increasing the efficiency of the Polish economy, securing proper supplies of materials, especially energy, fuels and raw materials and speeding scientific and technological progress. However, the achievement of these goals requires basic changes in the structure of our economy, methods and ways of labor and management, improving the mechanism of international cooperation.

The program of these changes has been outlined in the plan of socioeconomic development for the years 1983-1985 and in the government conservation program, as well as in the government program for counteracting inflation, which are supplements of the plan, to which we attach great importance. The adoption of the plan by the Sejm of the PRL [Polish Peoples' Republic] marks the end of a 2-year period in which it was possible to prepare only short-term plans because of the reality of our situation. The possibility of preparing a realistic, long-term socioeconomic plan is an unquestionable sign of the consolidation of positive tendencies in our economy. The first symptoms of this improvement appeared in 1982, especially in its second half.

Our efforts to break the crisis meet with the policy of blackmail and economic sanctions of some Western countries, especially of the Washington administration. This is one more piece of convincing evidence that economic relations

are used by the NATO countries as a weapon in political struggle with genuine socialism. We must draw important conclusions from this. Today we see clearer than ever before that effective counteraction to the policy of discrimination and restrictions by NATO countries depends on our cooperation with the CEMA countries and especially with the USSR. We came with the initiative of extending this cooperation to the 35th session of CEMA in 1981. Our proposals concerned mainly the utilization of the production capacities of Polish industry on the basis of supplies of raw materials, cooperational materials and elements supplied by these countries, as well as the participation of these countries in completing the capital projects in the PRL, the implementation of which has been temporarily suspended.

We received relief from the CEMA countries in December 1981 and in January 1982. Among other things, these were supplies of market goods of the value of approximately 150 million rubles. Cooperation and aid from the Soviet Union was the fundamental factor in securing the functioning of the economy in this period. In 1982 Soviet deliveries to Poland reached the level of 4.8 billion rubles. The Soviet side prolonged the payments of our debts and interest and agreed not to balance the trade turnover. We have received significant repayable as well as unrepayable credits in hard currencies and rubles.

As part of the additional deliveries of Soviet raw materials our light industry received, among other things, cotton, wool, synthetic fibers, raw leathers and viscose cellulose for so-called service processing, and 50 percent of the products made from these raw materials were delivered to our market.

The utilization of free production capacities of the Polish economy has also been the subject of a number of contracts and agreements concluded with other CEMA countries, but not all the possibilities in this field have been used.

The PRL has passed to the socialist countries a proposal including about 200 subjects for cooperation and concerning the utilization of the free production capacities of Polish industry based on deliveries of raw and other materials and production elements from the interested countries. The problems of utilizing the free production capacities of Polish industry have been taken into consideration in the course of coordinating the plans of the national economy. However, this kind of cooperation should not have only a provisional character. It should be utilized to extend long-term effective specialization and cooperation.

Our proposals concerning the continuation of temporarily suspended capital projects in Poland included 56 projects, the value of which was estimated (in prices from 1981) at over 94 billion zlotys (2 billion rubles). They are important projects, utilizing modern technologies, and they can guarantee a high level of produced goods in the future. This is why we want to undertake new activities aimed at including the socialist states in the process of completing the construction of these projects.

Quicker development of cooperation with the CEMA countries has been taking place recently, as a result of numerous initiatives and undertakings. In 1982 the amount of exports to these countries increased by 20 percent as compared with 1981.

We consider further development of cooperation with other states of the socialist community to be one of the main elements of our socioeconomic strategy. The development of cooperation with the USSR and other CEMA countries is a significant factor in healing the Polish economy and in securing a proper place for it in the international socialist division of labor. Stable deliveries of raw and other materials and of cooperational products from the Soviet Union are of special significance. Not only the development but the very existence of many branches of our industry depend on them.

Poland's participation in cooperation with the CEMA countries causes a quick growth in trade turnover with them. In 1985 the share of the socialist countries in our total turnover is to reach 65 percent, as compared with 53 percent in 1980. Moreover, this process can be even more dynamic. During the next few years our turnover with the socialist countries should increase on the average by 8-9 percent yearly. By 1990 the value of the turnover with the CEMA countries should more than double as compared with 1982. Trade with the USSR will be developed especially intensively. Its share in the goods turnover of Poland with the CEMA countries amounted to 64 percent in 1982.

We are now borrowing from the USSR, and this tendency will continue in the upcoming years. Only thanks to these loans can we expect a quicker revival of the economy, however. Having overcome the crisis, we will be able to begin paying the debts to the USSR in the next 5-year period. The payments of debts to other socialist countries were begun already in 1982. This was possible especially due to decreasing our demand for imported machines and appliances. It is a complicated problem and it requires still other decisions.

Securing the deliveries of basic raw materials, fuels and energy will have fundamental significance for the functioning of our economy. Satisfying the growing need for fuels and energy will be one of the strategic aims of socialist integration during the next 2 years and in the more distant future. Satisfying the needs of the economy for crude oil and high-methane gas will be an especially important problem for Poland in the period until 1990. The solution of the fuel and raw materials problems is a very complicated task. We will mainly aim at economical and rational utilization of the resources of energy and raw materials at our disposal, at decreasing energy and material consumption by production through introducing modern technological processes and changes in the structure of production. These tasks have been defined in the government conservation program. Their implementation will directly influence the realization of all the essential assumptions for socioeconomic development. On the other hand, the problems of developing our energy and raw materials bases are at the center of our attention. This will require Poland's participation in the joint capital projects of the socialist countries.

The CEMA countries have rich experience in this field. The fact that the countries of the socialist community were the only industrially developed region of the world which was not touched by the energy crisis was, after all, among other things, the result of the joint construction of the Soyuz gas pipeline and of the creation of interconnected energy systems. Poland's share in the development of the raw materials basis in the USSR, which amounted to approximately 1

billion rubles, including hard currency credits of approximately 400 million rubles in the years 1976-1980, had a significant influence on the level of deliveries of some important raw materials (natural gas, cellulose, asbestos, iron ore, crude oil) obtained in the present 5-year period.

At the same time we predict that the production capacities in Polish mining industry will be increased by way of joint capital projects with the CEMA countries. This will make possible maintaining and increasing the traditional deliveries of Polish raw materials to these countries. Among other things, the Polish side has offered the CEMA countries participation in the construction of the fuel-energy complex based on the black coal deposits of the Lublin basin and in further development of the Polish coke industry. The greatest problems in covering the demand of the CEMA countries by deliveries from Poland have occurred in the field of sulphur. It is predicted that the demand for this material will grow. We assume that considerable investments connected with it will be financed with the participation of the importers of sulphur.

Cooperation of the CEMA countries in the field of nuclear energy will serve the purpose of meeting the energy challenge. Its quickening development requires joining the scientific and technological potential, material and human resources. The socialist division of labor in this field is assuming realistic proportions already today. Our industry has actively joined the effort by mastering the production of, among other things, exchangers of heat, monitoring system appliances and special armature. Cooperation in the field of nuclear energy is a telling example of how problems which could not be surmounted independently are solved by a joint effort.

The acquisition of the deliveries of fuels, energy, raw and other materials indispensable for the national economy of the PRL, accompanied by aiming at balancing our trade turnover, will be dependent mainly on the growth of our export to the CEMA countries and especially to the USSR. Mainly we will increase the share of the products of the electromechanical industry in the total exports to the USSR, which now amount to 60-65 percent. This will not be an easy task. The growth of export will depend on the increasing technological level of our products, their adjustment to the needs and requirements of our partners, observing the times of delivery. Meeting these requirements will be possible if we concentrate our attention on defined spheres. For instance, if we aim at improving the structure of production, improving the quality and widening the assortment of steel mill products and decreasing the assortment of the metal and especially machine industry will be necessary.

We are also assuming the development of international specialization, considerable growth of production and mutual deliveries of chemical products. It is especially necessary to satisfy better the demand of all the CEMA countries for constructional artificial fibers and other synthetic materials, for chemical raw materials and semi-finished products necessary for the production of the machine industry, and especially electronic and electrotechnical industries, as well as that of the light and food industries, for mineral fertilizers, drugs, veterinary preparations, modern plant protection means and other chemical products which lead to the growth of production and improvement of the quality of industrial products. We intend to use more extensively the experience and technological achievements collected in the CEMA countries in all these fields.

We consider the modernization of defined sections of Polish railroads and ports with the participation of the interested member-states of CEMA to be an important task in the field of economic cooperation. We are also aiming at achieving, on the basis of cooperation with the CEMA countries, considerable progress in the production of industrial consumption articles, as well as in the supplies of grain, fodder and in animal raising. All these undertakings are aimed at achieving self-sufficiency in the fields of food, supplies of raw materials, fuels and energy and in chosen areas of scientific and technological cooperation.

Coordination of the economic policies, including the fields of imports, duties, credits, transportation and licensing, will be very significant for the development and deepening of the integration of the CEMA countries. This should also include the introduction of standard principles of establishing prices for goods and services.

Deepening specialization and cooperation of production inside and between branches is an important direction of a dynamic development of economic cooperation between countries. Considerable progress has been made in this field so far. Mutual deliveries of specialized products reached the value of approximately 25 billion rubles yearly in the 1980's. There are considerable reserves here, however. The development of specialization and cooperation may become the essential factor in intensifying our cooperation, increasing the goods turnover, higher efficiency of labor and fuller utilization of scientific and technological achievements.

Deepening the specialization and cooperation of production is connected with the need for a pro-export reorientation of the Polish industry, especially of branches included in international contracts and agreements. This is one of the basic directions of our economic strategy. The achievement of the pro-export character by our economy requires structural changes in the industry. Increased capital expenditures are indispensable for this. We can only begin the process of redirecting the economy towards export in the upcoming years. Yet limited possibilities of investing actually cause the need for a better coordination of capital projects plans of our countries adopted for the years 1986-1990.

Improvement of the effectiveness of export production will have a considerable impact on the increase of our exports to other CEMA countries. Progress in this field will depend mainly on lowering production costs, the degree of using the production capacity, achieved savings of raw and other materials and the efficiency of the foreign trade apparatus. This should be promoted by improved mechanisms functioning within the framework of our economic reform. They should influence enterprises in such a way that they themselves are interested in increasing their performance and export production.

Direct participation of enterprises and economic organizations in the international division of labor will be an important way of improving the mechanism of socialist economic integration. This is not only a way of more operative solving of technological problems, quicker transfer of experience and achievements, rapprochement between specific teams of workers, but also of a healthy

atmosphere of competition. At the same time, such increase of the role of enterprises does not limit the role of central planning. On the contrary, this will allow for strengthening the strategic role of the central organs, also in such fields as shaping cooperative ties and directions of international cooperation. The enterprises receive, on the other hand, better conditions for developing their own initiative, operative independence in utilizing all the reserves for increasing production and the efficiency of labor. As a result of deepening socialist economic integration the CEMA countries solve many complicated problems and prepare plans of joint projects on an ever increasing scale.

Practice has confirmed the significance of the historical resolutions of the 23rd Special Session of CEMA in 1960, which outlined the paths of socialist integration for 15-20 years. During this period the CEMA countries have created a huge productive, scientific and technological potential. Thanks to widening cooperation, the CEMA countries have secured for themselves a higher rate of economic development than the capitalist countries in the 1970's.

We are now facing the great task of utilizing the already activated production capacities and resources in the most effective way. Thus we have to base our development on the prevailing intensive factors of economic development. The possibilities of increasing our resources by way of capital projects are very costly. This leads to the need for scrupulous calculation, struggle with all manifestations of extravagance. Maximally economical utilization of raw materials, energy and production capacities is necessary.

Further improvement of planning may help the existing trends and content of cooperation between the CEMA countries. This aim might be served if we enriched the practice of coordinating plans by synchronizing the economic policies of our countries, which would make possible more effective solving of common main production problems. In the course of such synchronizing it would be possible to define more precisely the goals of socioeconomic development, directions of structural and investment policies, methods of planning and management in the field of economic ties with foreign countries. Also the development of joint planning may be an effective way of solving some important problems. In the course of socialist economic integration, a process of objective, planned rapprochement between sovereign states is occurring. This is why integration processes should also include solving the economic problems of the individual member-states. This concerns, among other things, the problems of internal prices and the prices of foreign trade, financial and currency problems, organization and management, economic laws and legal institutions connected with the system of cooperation. Progress in this field would not lead to standardization of all the mechanisms and institutional solutions in our countries, but it would give them a convergent direction of activity.

The integrational strategy of the CEMA countries requires precision in all these fields and the establishment of guideposts for economic policy until the years 1995-2000. The economic meeting of the CEMA countries on the highest party and state level will have great importance for significant progress on this road. It will certainly bring new impulses for deepening the cooperation of our brotherly countries.

12417

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INDUSTRIAL PRODUCTION DURING JANUARY-OCTOBER, COMMENT

Sofia IKONOMICHESKI ZHIVOT in Bulgarian 16 Nov 83 p 4

[Unattributed statistical information: "Bulgarian Industry During the Period January-October 1983"]

[Text] The 10-month plans for the production of a number of economically important articles have been overfulfilled. As a result of this, the supply of raw products and materials has been improved for the production enterprises and more goods have been provided for the commodity stocks and exports. The production of certain industrial articles has significantly surpassed both the planned as well as what was achieved during the corresponding period of last year.

	Produced Product	Growth Rate
Electric power, million kilowatt hours [kwh]	34,059	105.1
Hot rolled steel, thousand tons	1,161	108.4
Integrated machines, units	187	121.4
Trucks, units	5,246	110.3
Buses, units	2,127	117.3
Drive axles for Liaz-Madara, units	19,661	141.1
Electric hoists, units	110,000	103.8
Battery operated plant trucks, units	34,802	103.0
Asynchronous electric motors, thousand units	1,056	105.0
Electric units, units	2,646	153.8
Electric tools, units	300,000	105.2
Complete distributor units, fields	2,342	114.4
Motor vehicle batteries, units	924,000	100.4
Automatic telephone switchboards, lines	351,000	107.7
Nitrogen fertilizers, tons	684,000	110.6
Synthetic latexes, tons	6,025	124.5
Polyvinyl chloride, tons	89,000	120.5
Washing compounds, tons	48,000	106.2
Soft artificial leathers, million m ²	13	103.7
Tires for passenger cars, units	642,000	107.9
Large reinforced concrete panels, thousand m ³	1,234	107.2

	Produced Product	Growth Rate
Reinforced concrete construction elements, m ³	744,000	106.1
Furniture, million leva	357	106.3
Paper packaging, tons	132,000	103.5
Glass jars and bottles, million units	1,585	103.3
Outer knitwear, million pieces	44	103.5
Meat, tons	414,000	104.6
Raw leather from cattle, tons	11,000	101.7
Raw leather from pigs, tons	13,000	102.0
Raw leather from goats and sheep, thousand pieces	2,133	103.0
Fish catch, tons	117,000	107.2
Butter, tons	21,000	106.9
Cheese, tons	94,000	107.0
Yellow cheese, tons	24,000	107.2
Edible vegetable oils, tons	148,000	114.4
Sugar, tons	338,000	106.6
Children's foods, tons	17,000	107.1
Processed cured tobacco, tons	96,000	109.5
Tobacco products, tons	74,000	102.6

During the report period, the figures for the production and sales of commodity product were overfulfilled by 0.2 percent. Some 92 million leva of additional commodity product was produced and 80 million leva more were received from their sales. In comparison with the corresponding period of last year, the production volume increased by 5.2 percent, while monetary receipts from sales rose by 5.4 percent. In the systems of the individual ministries and departments, the fulfillment of the production and sales figures for commodity product was as follows:

	Fulfillment of Figures in % for:	
	Produced Commodity Product	Sold Commodity Product
Total	100.2	100.2
Including:		
Electric power	100.9	101.1
Chemical industry	100.3	100.1
Metallurgy and mineral resources	98.0	97.4
Machine building and electronics	100.7	100.4
Light industry	99.8	99.0
National Agroindustrial Union	100.4	101.4
Forests and forest industry	99.3	99.0
Construction and architecture	100.3	99.5
Transportation	99.4	98.9
Communications	102.9	102.9
Domestic trade and services	101.0	100.9
Central Cooperative Union	102.0	100.6
Capital [Sofia] People's Council	105.8	105.0

Commentary

The plan for commodity product in October was overfulfilled by 0.8 percent and as a total for the 10 months 92 million leva of additional product was produced. In all sectors, with the exception of ferrous metallurgy, lumber and woodworking, the leather-fur and footwear industries, the 10-month plan for the total production volume was overfulfilled.

In the January-October period, the state plan quotas were overfulfilled for aggregate profit as well as for the plans for net product and social labor productivity.

At the same time it must be pointed out that in October, a number of enterprises lagged behind in sales. The monthly plan for monetary receipts was not fulfilled by 2.7 percent. As a total for the January-October period, this indicator was not fulfilled by around 30 percent of the enterprises where the monetary receipts are around 370 million leva less. The greatest lag is in the system of forests and forest industry, power, light industry and the National Agroindustrial Union. This lag is due chiefly to the unevenness of production. During the last 10 days of October, 45 percent of the commodity product for the month was produced.

In October, the plan for material expenditures was not fulfilled and its excess for the production of 100 leva of commodity product was around 1 percent. This was greatest in the economic organizations from the system of forests and the forest industry, power, light industry and the National Agroindustrial Union. For just the enterprises which did not fulfill the plans for material expenditures for 100 leva of produced product, the above-planned expenditure over the January-October period amounts to around 150 million leva.

The lag in the fulfillment of the plans for material expenditures and product sales in October has led to the nonfulfillment of the monthly plan for aggregate profit, net product and social productivity.

The plan for the production of certain important articles has not been fulfilled and this has impeded the formation of the basic material balances for the nation. There has been less-than-planned production of rolled ferrous metals, internal combustion engine plant trucks, phosphorous fertilizers, pulp, paper, earthenware tiles, woolen textiles, meat products and so forth.

At many enterprises and economic organizations the remaining approximately 40 days to the end of the year are crucial for fulfilling their plan quotas in terms of the volume of material expenditures, net product, aggregate profit and social labor productivity. Along with improving the steadiness of production, attention must also be paid to the full loading of production capacity and the prompt sales of the produced product.

At present, it is particularly important to eliminate those weaknesses in the work of the enterprises which lead to the nonobservance of production discipline and related overexpenditures of the current consumption standards and norms for raw products and materials in physical units, the achieving of the planned returns and the reducing of losses from damaged products. Here a

crucial condition is to promptly achieve the planned effect from measures relating to technical progress, the dates for a large portion of which come due in the fourth quarter of the year. An important reserve which must be used is the improving of contractual discipline and the reduction of the so-called "unplanned" expenditures which are also a cause for the nonfulfillment of the plans for product costs and aggregate profit.

10272

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ECONOMIC SIGNIFICANCE OF COUNTRY'S DANUBIAN PORTS

Varna KORABOSTROENE-KORABOPLAVANE in Bulgarian No 10, 1983 pp 348, 349

[Article by Vasil Doykov: "Bulgarian Danubian Ports: Tutrakan"; previous articles in this series published in JPRS 84875, No 2480 of this series, 5 December 1983]

[Text] The city of Tutrakan, whose population is estimated to be 12,000 inhabitants, is located 432.5 kilometers from the mouth of the Danube River, on the right bank of the river. "The Danubian Turnovo" is what this Bulgarian city is called, because it rises picturesquely in tiers which outline its characteristic architectural make-up. Old houses with tile roofs alternate with big houses with tin roofs in the Romanian style. New buildings predominate in the city's panorama. In addition to the renovation of the old city, new residential areas on the hill next to the old Sheremetsa and Teketo neighborhoods. Now a tall television tower also rises here. The broad view creates the impression of looking down from a mountain top. This impression is reinforced by the spacious Romanian marshlands, which surround the Romanian city of Oltenita on the opposite bank. "The settlement beyond the swamps" is the meaning of the name of the Roman city of Transmarisca, located here. Around the second century AD, a fortress was built here as part of the Roman Danubian border, where units of Roman legions were billeted. According to another theory, the Roman post camp received its name from the name of the Mariscus River (now Arges), and thus Transmarisca means "across the Mariscus." During the 3rd and 4th centuries, units from the 11th Claudius legion were billeted in the fortress (this was stamped on Roman bricks), with the headquarters located in Durostorum (Silistra).

Traces of a Roman settlement were discovered during the construction of many of the new buildings. One stone inscription, dated 18 October 294, relates the visit of Emperor Diocletian. It was noted that the emperor, "after he had won a victory over the enemy tribes and established peace in his land, built the fortress of Transmarisca." It had a quadrangular form and was located on the bilevel plateau that sloped down toward the Danube. During the war with the Goths and the reign of the emperor Valens, a raft bridge was built on the Danube River. After it was destroyed during the invasion of the fifth and sixth centuries, the Transmarisca fortress was restored by Emperor Justinian I.

There are no details available on the later fate of the city. Some authors (P. Mutaftchiev) accept the view that the city was founded by southern Russian settlers and colonists who came toward the end of the 10th and the beginning of the 11th century from the city of Tmutarkhan on the strait of Kerch and gave a similar name to the Danubian settlement. During the 14th century, it was a strong Bulgarian fortress called Tarakan. In three maps from the 15th century, one of which was made by Fra Mauro in the year 1450, the name of the settlement is Durakam; in the map of N. Germanus, dated 1507, it is Tutra; in the map of the Antwerp cartographer Mercator, 1569, the name is Tatrakam; the present name of the city can be found on a map of Wallachia, Serbia, Bulgaria and Romania from the year 1589.

The names of two great Russian generals are written in the history of Tutrakan. On 10 May 1773, under the command of General Suverov, Russian soldiers took over the city. The famous general wrote in his joyful report to the emperor in Petersburg:

"Praised be the Lord, praise to You,
Turtukay is taken, and I'm there!"

After Russian troops pulled out, the Turks expanded the fortress even more; this, however, did not stop General Kutuzov from taking the city on 11 October 1810.

In the navigational map of the Danube River, published in 1789, we read: "Tutrakan is a big little town with an old tower. There are three water mills here on the Danube which, however, do not hinder navigation." The traveler I.P. Velmereir, who traveled during the summer months of the year 1840 on the steamer "Panonia" and visited Vidin, Oryakhovo, Nikopol, Svishtov, Ruse, Tutrakan, Silistra, Cherna Voda, Isaccea, Braila, and Tulcea, noted that he saw the biggest floating mills (Schiffmuehle) at Tutrakan. He mentioned that Silistra had five windmills.

Since ancient times, the workshops in Tutrakan have manufactured wooden boats, sailing ships, caiques, water-and windmills. After the liberation, the number of floating mills was 17. During the first decade of the present century, their number increased to 37, and after the First World War (1919), it decreased to 15. Mityu Chitakov was the last mill owner in Tutrakan. During the severe winter of 1942, ice floes swept away the last grist mill.

During the Ottoman rule, Tutrakan was a poor fishing, artisan, vine-growing, and agricultural city. In 1862, a big church and a non-clerical school were built, and in 1873 the reading room Vuzrazhdane was established.

In 1867, the detachment of Panayot Khitov came from Romania with Vasil Levski as the standard bearer, and in 1876--the detachment of Voyvoda Tan'o.

After the liberation, Tutrakan was revived economically and culturally. New schools were opened, a singing society was established. Magazines, newspapers, and books were printed in the Mavrodiev brothers' print shop.

In 1880 there were 7,926 inhabitants in Tutrakan, in 1990--9,899, and in 1910--10,490 inhabitants. These data indicate that, during this time, the number of inhabitants in Tutrakan was the same as in such cities as Vidin, Lovech, Lom, Turnovo, Svishtov, Kyustendil, and others.

In 1866 it became the center of a kaza (okoliya) with over 40 villages. In 1871 it had 1,117 households, 849 workshops, a custom house, and others. During the period between 1886 and 1892, out of a total of 7,926 inhabitants 2,296 were fishermen (and the total number of fishermen in Bulgaria then was 5,571). The city maintained busy trading relations with Braila and Galati. In 1913, Tutrakan fell within the boundaries of Romania and the Romanians called it Turtukay. After that, it began to decline and its population decreased. The decline continued even after 1940 when, according to the Krayovo agreement, South Dobrudzha (including Tutrakan) was returned to Bulgaria. In 1941 the number of inhabitants in Tutrakan was only 7,183. In 1956 the city's population was 9,591, in 1965--9,909, and in 1982--12,000 inhabitants. In 1941, many buildings were destroyed and damaged as a result of a landslide, and because of that construction stopped for a long time.

Now Tutrakan has the Terma stove plant, factories for primary processing of hemp, and canning factories. The Lodkostroitel enterprise continues the old tradition of building boats.

The country's only ethnographic museum devoted to Danubian fishing and boat building is located in Tutrakan; it shows the development of this important occupation from antiquity to the present day. An important place among the exhibits is occupied by anchors, fishing nets, harpoons, gaffs from ancient times, as well as contemporary fishing nets and other fishing tackle donated by fishermen from Tutrakan, Tataritsa, Sreburna, Garvan, Popina, Brushlyan, and others.

Tutrakan is connected by paved highway with the okrug city of Silistra, with Ruse and the Ludogorie cities of Kubrat, Isperikh, and Razgrad.

The old city of Tutrakan is a Danubian port with a suitable shore. During the Turkish occupation (1865) it had a wooden pier at which Austrian ships used to dock. Kostadin Draganchev, who conducted transport with caiques and sailing ships to Oltenita on the opposite bank, used to have a pier, too.

The building of a stone pier wall began in 1940.

During the last two decades, the port of Tutrakan, which is part of the Ruse port complex, has had new, modern equipment available--powerful port cranes and other equipment which replaces heavy physical labor. Among the eight Bulgarian Danubian ports which have been listed in the

annual reports of the Danubian Commission during the past 5-6 years, Tutrakan holds seventh place, above Oryakhovo. According to the type of loads which are processed in it, the largest percentage--93.14%--is made up of inert building materials extracted by the Danubian dredging fleet. Second place is held by grain products--4.49%, and third place by lumber--1.58%.

In 1983 the construction of a new high pier wall, which will serve also as a reliable support against landslides, has begun. A berth for the ship "Dimitur Blagoev" is under construction; the ship was given to the city for commercial purposes after it was taken out of service in 1981.

Hydrofoil passenger boats stop daily at the Tutrakan port.

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12334

CSO: 2200/40

ECONOMIST COMMENTS ON DIFFERENCES AMONG ENTERPRISES

Prague TVORBA in Czech No 42, 1983 pp 4-5

[Interview by Jaroslav Hejkal with JUDr Alois Remes, DrSc, professor at the Advanced School of Economics in Prague: "No Two Enterprises Are Alike"]

[Text] [Question] Closely related to the demand to make production more efficient is the problem of the size structure of enterprises. What is your fundamental view of this?

[Answer] Until recently--and in our country up to now--the idea of an industrially developed economy was associated only with the maximum concentration of industry in a relatively small number of mammoth enterprises in which there would be no room left for small and medium size enterprises. The idea of the developed socialist industry also rested on this basis. There is no doubt that the increase in the size of enterprises is, apart from socioeconomic causes, a normal manifestation of the rapid development of technology and the resulting increase in the concentration of industry and mass production. This view is accepted generally and without reservations. Somewhat more complicated, however, is the situation with regard to the evaluation and justification of the existence of small enterprises under the conditions of technically developed industry.

[Question] Why?

[Answer] As late as the first half of this century, economic theory regarded small enterprises as doomed. Their disappearance was foreseen already upon the powerful start of industrialization in the last century. However, small enterprises not only survived the competitive struggle with big industry, but in fact they are consolidating their position as a structural part of modern industry. This caused a big surprise and resulted, particularly after World War II, in the revaluation of economic theory and economic policy in the developed capitalist countries.

[Question] It is of course paradoxical that this revaluation takes place in a period of ongoing research and development...

[Answer] However paradoxical it may seem, it is precisely the influence of research and development which created new conditions and provided additional room for the functioning of small and medium size enterprises. Research and development not only transform the structures of mammoth industrial enterprises, but also change the nature of small enterprises and inject new elements into their mutual relations. The destructive competitive struggle, typical of the capitalism of free competition, begins to recede into the background. Increasing use is made of cooperative relations, based on the reciprocal utilization of economic advantages of these different size structures.

[Question] Were these developmental processes taken into consideration also in our economic theory and practice?

[Answer] Unfortunately, they were not. The existence of a large amount of small and medium size enterprises in the structure of, for example, the American or Japanese economy was always interpreted as the manifestation of their fragmentation, backwardness and incapability of making use of the advantages of maximum production concentration. Finally, the idea still persists that every smaller enterprise must necessarily be inefficient, and the increase in efficiency of the national economy is mechanically associated with the maximum size of socialist enterprises.

[Question] How is this idea reflected in practice?

[Answer] Due to the gradual organizational combination and merger of enterprises in our country the number of enterprises was radically reduced, while their size generally and rapidly increased. As a result, the structure of our industry in 1981 consisted of only 858 national enterprises with an average size of at least 3,500 workers. Even if we take into account 326 enterprises of local industry and services and 390 production cooperatives, it does not alter the fact that even among the industrially developed states, including the socialist states, we are the country with by far the relatively smallest number of industrial enterprises of significantly large average size. However, even these data do not offer the complete picture of the extent of organizational concentration in our country. The economic structure of our industry rather consists of only dozens of mammoth units with a comprehensively universal structure (big economic complexes, VKh [economic production units] intermediate units and so on), to which as the so-called key units the functions of socialist enterprises are assigned. This not only has eliminated small enterprises from the structure of our industry, but has also given rise to doubts as to the function of the socialist enterprise in general. This has been unfavorably reflected in the concept of khozraschet and its potential application.

[Question] Excuse me, Comrade Professor, but can you give us some facts in support of your assertion on the size structure of enterprises in our country and abroad?

[Answer] These differences are really significant. In the United States, for example, of the total number of more than 300,000 industrial enterprises, 98.4 percent have less than 500 employees and 90.5 percent in fact have less than 100 employees. Only 0.2 percent have more than 2,500 employees, although they account for 17.9 percent of total industrial employment. Of 500,000 industrial enterprises in Japan, 99.4 percent have less than 1,000 employees, while they account for 16.6 percent of total employment in industry. In the FRG, 85 percent of industrial enterprises have no more than 100 employees and 97.1 percent less than 500 employees. Only 1.3 percent of enterprises employ more than 1,000 workers, but they account for 40.1 percent of total employment in industry. The average size of enterprises is approximately 52 workers in the United States, 20 in Japan and 87 in the FRG. A similar situation exists in France, England, Italy and other capitalist countries.

[Question] And how is it in the socialist states?

[Answer] Also there we can see a bigger variety in the size structure of industrial enterprises than in our country. In the GDR, for example, whose size is closest to that of Czechoslovakia, the economic industrial structure consists of more than 9,000 industrial enterprises (excluding handicraft) with an average size of 320 workers. Of this total number, 65.4 percent employ less than 100 workers and 88.2 percent less than 500 workers. In the Soviet Union more than one-fifth--20.7 percent exact--of all industrial workers are employed in enterprises with less than 500 workers and 3.1 percent in enterprises with less than 100 workers. For this reason also the average size of industrial enterprises in the USSR is 750 workers. A similar situation exists also in other socialist countries.

[Question] For the sake of comparison, can you quote us more detailed data on the size structure of enterprises in our country?

[Answer] According to the 1982 CSSR Statistical Yearbook, 858 national enterprises (excluding enterprises of local industry and production cooperatives) with an average size of 2,100 blue-collar workers were registered in our country in 1981. Since the number of blue-collar workers is not an indicator of enterprise size as such, because it is the number of all workers in an enterprise which constitutes this indicator, the average size of our national enterprises can only be guessed at 3,500 workers. The category of enterprises with less than 500 workers has virtually disappeared in our country. Moreover, if we include in this number only the actual enterprises--concerns as the principal units of management and not concern enterprises--then the number of these khozraschet units can be given in dozens only. Regardless of using this or that method of calculation, we always come to the conclusion that we are the country with the relatively smallest number of industrial enterprises and the biggest average size in the world. Likewise, in the area of handicraft and services, the so-called integration has reached gigantic dimensions in our country. Approximately 400 enterprises of community-run services were closed down and their total number declined to less than one-third during the 1970's alone. It was precisely this area which became the sore spot of our economy.

[Question] Where do you see the main reasons for these differences between Czechoslovakia and foreign countries? Are they of an objective or subjective nature?

[Answer] The substantially bigger size of socialist enterprises in comparison with capitalist ones is obviously an objective consequence of socialist economic laws, particularly of the necessity of centrally planned management. The above comparison, however, also makes it clear that there is a striking difference between the size of our enterprises and enterprises in other socialist countries. For this phenomenon I do not see any explanation other than the influence of subjective factors, that is, subjective interest and subjective ideas which can be called "gigantomania."

[Question] The tendency toward "gigantomania" must, of course, have some common roots. Where do you see them?

[Answer] "Gigantomania" is actually a unilateral manifestation of the entire complex of subjective factors. We must include among them all efforts of responsible persons to increase the size of the enterprise which are generated by such personal motives or interests as excessive zeal, tendency to satisfy prestige requirements or gain certain influence, and so on. The effort to satisfy material interests in particular can strongly influence ideas about the optimum size of the enterprise. It can be affected also by the system of remuneration of management personnel in accordance with the classification of enterprises in the size categories. The source of "gigantomania" can also be certain simplified ideas and intellectual stereotypes which lead to a routine approach to the choice and application of management systems.

[Question] You have mentioned the optimum size of the enterprise. Is there any size of the enterprise which can be described as optimal?

[Answer] The crux of the problem of the optimal size of enterprises is the harmony between the size of enterprises and objective--production technical, natural, economic and social--conditions of production. The number of employees is usually chosen as the indicator of enterprise size. Sometimes other indicators are also used, such as production volume, the value of fixed assets, and so on. Small, medium size and big enterprises constitute certain size groups in the chosen classification system. However, the drawing of a dividing line between the small, medium size and big enterprises from the purely quantitative standpoint is rather relative. Many different views have been expressed both here and abroad as to whether the dividing line between small and medium-size enterprises should be, for example, 100, 200 or 500 employees or whether the dividing line between medium size and big enterprises is 500 or 1,000 employees. In our classification system enterprises with up to 500 blue-collar workers [regardless of total] employees, are included in the smallest subgroup. In the GDR, on the other hand, in the category of up to 500 employees there are a number of subgroups--up to 25, from 26 to 50, from 51 to 100, from 101 to 200 and from 201 to 500 employees. The category of big enterprises which start with 1,000 employees includes enterprises with big

differences in size. But let us return to your question: The purpose of designating the optimal size of socialist enterprises is to achieve an economic structure which will be able to implement the key industrial programs both in relation to the development of the entire national economy and in relation to international integration, a structure which would be, however, maximally flexible and at the same time capable of promptly responding in a differentiated way to the everyday and rapidly changing needs of society. Generally speaking, we can designate as optimal the size of the enterprise which best corresponds to its function and requirements, and which makes it possible for it to fulfill the planned tasks with maximum economic effects. In other words, it must provide for the best functioning of khzoraschet in the unified system of management.

[Question] This means that small, medium size and big enterprises must not be judged exclusively in quantitative terms, namely as enterprises with a certain number of employees. Is that so?

[Answer] Yes. These enterprises must be viewed in qualitative terms in the first place, that is, as a certain type of enterprise of a special nature and with a specific function in the national economy. Moreover, the concrete size of individual enterprises can vary considerably due to a variety of additional factors. However, a certain type of production requires also an adequate enterprise size. This is a rather complex relationship between the phenomenon and essence, or possibly between form and substance.

[Question] From what you have said it follows that the optimal size of enterprises is a rather relative and variable category, and that no generally applicable rule for this purpose exists.

[Answer] Certainly. Depending upon the standpoint from which one evaluates the function of the enterprise and which of the potential goals is chosen as the criterion, very different results can be obtained. I want to point out, however, that the optimal size of socialist enterprises cannot be determined for every enterprise separately. Socialist enterprises are only relatively isolated parts of the unified economy and their size is a matter of the optimal structure. It is therefore imperative to delineate correctly the functions of individual enterprise size types under concrete conditions and to back them up also by differentiated means of central management. The problem of the optimal size of socialist enterprises is thus the problem of optimal harmony and mutual complementarity of enterprises of various size types.

[Question] The view has frequently been expressed in our country that the practical application of scientific and technological achievements is unthinkable without a further integration of enterprises and thus also without their further increase. What do you think of this?

[Answer] This is a simplified view, one of those intellectual stereotypes. After all, research and development lead not only to production concentration, but also to its differentiation and fragmentation, to specialization

and cooperation. Precisely because of research and development, new sectors, branches and subbranches come into being, innovation processes accelerate, assortments of products rapidly expand. Production of composite products further breaks down into production of their components, which requires special equipment, technology and qualification. In addition, the increase in mass production results in a higher standard of living, demands for differentiated goods increase and the area in which small and medium size enterprises operate is enlarged. The size structure of industry must therefore be flexible enough not only to implement big, strategic and stable production programs with the largest possible mass and series production, but also to react promptly to everyday, small and changing needs not only of the population, but also of production itself. It is precisely this flexibility which most of our enterprises lack because they are too small for some production programs and too big for others.

[Question] Your answers make it absolutely clear that in addition to the big and medium size enterprises small enterprises must also exist in an industrially developed state. What are their mission and prospects?

[Answer] Small enterprises can exist only because they enjoy considerable economic advantages over big enterprises. Their foremost advantage is maximum flexibility and adaptability to the differentiated needs of society. Their production processes are simpler and require less equipment. They can make better use of the advantages of the specialization, skill and know-how of qualified workers. They are therefore particularly successful in the handicraft and repair businesses, and contribute to making the assortment of consumer goods more varied. Their function is beneficial also to the big enterprises because they make it possible for the latter to manufacture a smaller assortment of goods and to make production more homogenous. Important also are their cooperative relations with the big enterprises, for which it is more advantageous not to produce all preparations, parts or components with minor modifications or labor consumption but to order them from the specialized smaller enterprises. These and many other economic advantages of smaller enterprises, however, must be judged with caution. They can operate only within the context of the present development of large-scale production and the socialist economy as a whole. On the other hand, the existence of small and medium size enterprises is one of the prerequisites of making full use of the advantages of socialist large-scale production.

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CSO: 2400/75

LAWS ON ECONOMIC PLAN, BUDGET FOR 1984

Economic Plan

East Berlin NEUES DEUTSCHLAND in German 10/11 Dec 83 pp 3-4

/Law on 1984 Economic Plan, 8 December 1983/

/Text/ In implementation of the Tenth SED Congress resolutions, the 1984 economic plan aims to all-round and further strengthen the GDR as a socialist state of workers and peasants by ensuring its stable and dynamic development. On this basis more progress needs to be made in the organization of the developed socialist society in this 35th year of the GDR's establishment. The 1984 economic plan serves to strengthen socialism, benefit the people and secure peace.

The ongoing consistent realization of the SED's strategy for the 1980's is the crucial prerequisite for the tasks to be accomplished in 1984, so as to continue successfully in the pursuit of the main task in the unity of economic and social policy even in the conditions of the acute international class conflict.

By the comprehensive utilization of all factors of intensively expanded reproduction, a substantial growth in the national income must therefore be achieved in 1984, accompanied by declining production consumption. That is an indispensable condition for continuing to strengthen the capacity of the national economy's material-technical basis and thereby securing earlier achievements as well as in future also gradually improving the material and cultural living standards of the people.

The rise in efficiency must be secured by speeding-up scientific-technological progress and its widespread application in the economy, the further raise of labor productivity, a significant improvement in energy and materials management and the greatest possible refinement of the available energy supplies, raw materials and other materials, including their rational and efficient use. The cost/profit ratio must again be sensibly improved on this basis.

Economic and scientific-technological cooperation with the USSR and the other socialist countries must be deepened further and resolutely in 1984 as a fundamental condition for the stable and dynamic development of the GDR's national economy and in implementation of the program for specialization and cooperation of production between the GDR and the USSR through 1990 as well as in accordance with the CEMA resolutions and agreements concluded between party and government leaders. By this

means and consonant with the Tenth SED Congress targets, the GDR makes an important contribution to the consolidation of the unity and solidarity of the socialist community as well as to the preservation of peace.

The 1984 economic plan is based on the need consistently to implement the measures for the efficient organization of the economy, decided upon by the resolutions of party and state leaders for the ongoing perfection of management, planning and economic accounting, so as to make even more effective all our intellectual and material potential. In accordance with democratic centralism, the central state management and planning of the social processes is steadily more effectively linked with the growing sense of responsibility, the extensive cooperation and creative initiative of the collectives of working people in combines, enterprises, cooperatives and facilities and oriented to efficient management. Substantial reserves must be developed by the steadily better realization of the role of combines as the basic units of the modern management of the reproduction process as well as by performance comparisons as the method of the political guidance of economic processes. At the same time we must guarantee the unity of material and financial planning at all levels of the national economy without exception.

Conscientiously and with a wealth of ideas, millions of working people have cooperated in the drafting of the 1984 economic plan, in combines, enterprises, cooperatives and facilities as well as in local and central state organs. Many suggestions were submitted and significant initiatives instituted for the further improvement of the national economy's overall capacity. In the continuing pursuit of the socialist competition organized by the labor unions, all labor collectives and every worker have been called upon to achieve new and outstanding feats in the 35th year of the GDR's establishment, with the tried and tested slogan "outstanding growth of performance by rising labor productivity, efficiency and quality--everything for the welfare of the people and for peace!"

The creative initiatives of young people in the "FDJ peace proclamation" must be generally supported. They include, in particular, the appeals "each one each day with a satisfactory result," the organization and initiative shifts and the implementation of the central youth objectives "FDJ initiative Berlin," "natural gas route in the USSR," "intensification of the production of highly refined manmade fiber fabrics," "electrification of railroad sections" and "FDJ initiative animal husbandry." The varied activities of, especially, youth brigades and youth research collectives must be encouraged and utilized for the realization of the challenging 1984 plan targets.

I.

The following are the main goals for the development of the national economy in 1984:

	<u>1984</u> <u>1983</u> percent
Produced national income	104.4
Industrial goods production	
-- industrial ministries	104.2
-- total economy	103.6
Net production of the industrial ministries	108.0
Labor productivity in the sector of the industrial ministries	
-- based on industrial goods production	103.5
-- based on net production	107.3
Lowering of prime costs pr M100 goods production in the sector of the industrial ministries to	97.1
Lowering of materials costs per M100 goods production in the sector of the industrial ministries to	96.7
Construction output in the centrally and locally managed construction industry	102.1
Housing output by new construction and modernization (housing units)	102.5
Production and services of agriculture, forestry and the food industry	100.6
Transportation and communication services	102.4
Retail turnover	102.2
Net money revenues of the population	102.2
Foreign trade turnover	105.0

The organization of Berlin, the GDR capital, as the political, economic and intellectual-cultural center of the socialist GDR must be pursued in 1984 as planned. The central youth objective "FDJ initiative Berlin" must be resolutely promoted. For that reason the continuing active involvement of young people in all districts will be mainly directed to the implementation of the housing construction program in its unity of new construction and modernization, the strengthening of the capacity of industry, the development of the urban technical infrastructure and the construction of important social buildings.

The assignments relating to the economic assurance of national defense and internal security and order must be comprehensively accomplished as a firm element of the economic policy of the socialist state. The obligations arising therefrom must be conscientiously met by state and economy managing organs, combines, enterprises, cooperatives and facilities.

II.

The following are the targets of the 1984 economic plan with regard to the continuing rise in the output of production and the improvement of labor productivity:

1984
1983 percent

Sector	Industrial Goods Production	Labor Productivity
Ministry for Coal and Energy	102.8	101.8
Ministry for Ore Mining, Metallurgy and Potash	103.7	103.4
Ministry for Chemical Industry	102.9	102.6
Ministry for Electrical Engineering and Electronics	108.8	107.3
Ministry for Construction of Heavy Machinery and Equipment	102.7	102.3
Ministry for Construction of Machine Tools and Processing Machinery	106.5	106.2
Ministry for Construction of General Machinery, Agricultural Machinery and Vehicles	105.2	104.0
Ministry for Light Industry	103.1	103.2
Ministry for Glass and Ceramics Industry	105.9	105.2
Ministry for District Managed Industry and Foodstuffs Industry	103.0	102.7

The following are the targets for the output of products crucial for the national economy:

Sector	Unit of Measurement	1984
Electric energy	gigawatt hours	107,540
Crude brown coal	1,000 tons	283,000
Brown coal briquettes/dust	1,000 tons	52,084
Rolled steel, total	1,000 tons	8,744
including refined rolled steel	1,000 tons	5,983
Potash fertilizer	1,000 tons K ₂ O	3,450
Nitrogen fertilizer	1,000 tons N	1,091
Polyurethane	1,000 tons	137
High-pressure polyethylene	1,000 tons	145
Heavy duty detergents	1,000 tons	175
Manmade fibers	tons	84,700
Cutting machine tools	million marks	2,858
Machines and equipment for the printing industry	million marks	810
Machines and equipment for the textile, clothing and leather industry	million marks	801
Fittings	million marks	1,576
Roller bearings	million marks	686
Components for microelectronics (solid state circuits)	million marks	1,359
Devices and equipment for supervision, regulation and control	million marks	1,833

Knitted underwear	1,000's	192,177
Hosiery	million pairs	373
Textile floor covering	1,000 square meters	37,755
Handbags/luggage	million marks	876
Household linen	1,000's	118,946
Furniture and upholstery	million marks	6,328
Domestic washers	1,000's	508
Domestic refrigerators	1,000's	890
including freezers	1,000's	436
Color television sets	1,000's	390

In the construction industry it will be necessary to improve the quality and efficiency of construction processes. Construction costs are to be further reduced and construction time cut.

It is therefore prescribed:

	$\frac{1984}{1983}$ percent
Ministry for Construction:	
Increase in construction output to	102.1
Increase in net output to	105.0
Rise in labor productivity on the basis of the net output of the construction industry to	104.4
Lowering of prime costs per M100 construction output by	1.5
Lowering of materials costs per M100 construction output by	1.8

The structure of the capacities of the construction and construction materials industry must be oriented to the requirements of intensification and export. The deployment of construction performances for the punctual and quality-appropriate accomplishment of construction tasks for socialist rationalization, modernization and reconstruction as well as for building repairs must be raised above average in 1984.

In agriculture and the food industry, the efforts of cooperative farmers and workers must be directed to the continuing increase in crop and livestock production in 1984. Every opportunity must be fully exploited for raising the output of grain, fodder crops, oil seeds, fruit and vegetables as well as high-quality specialty farm crops.

The manpower and funds available to agriculture must be concentrated on raising hectare yields and the performance of livestock as well as on lowering losses, accompanied by the ongoing deepening of cooperation between crop and livestock production. Available reserves must be developed by performance comparisons and the generalization of best experiences. By these efforts GDR agriculture's contribution to the assurance of stable food supplies for the public and equally stable agricultural raw material supplies for the economy is to be further enlarged.

To exploit all the possibilities of irrigation as an important factor in raising the yields of farm crops, vegetables and fruit, a broad based initiative must be

developed in villages, kreises and districts. The FDJ will therefore assume youth objectives in the villages. The mobilization of local reserves must aim primarily at simple irrigation measures in the agricultural production cooperatives, state farms and individual production on private land as well as small horticultural facilities.

Efforts must be made in each district to secure vegetable supplies for the public from the yields of the respective region.

To be promoted all-round is individual production on the private land of cooperative farmers and workers as well as of members of the Union of Small Gardeners, Settlers and Small Livestock Breeders, and their potential used for further increases in output.

The following targets are to be achieved in agriculture:

Sector	Unit of Measurement	1984
Crop production, calculated in grain units per hectare of agricultural area	decitons	45.1
Hectare yield for grain	decitons/hectare	40.5
Grain output	million tons	10.5

The following targets apply to the yield of animal products:

Item	Unit of Measurement	1984
Slaughter cattle	1,000 tons	2,400
Milk, calculated at 4 percent butterfat	1,000 tons	6,700
Eggs	millions	4,800
Wool	tons	6,750

The food industry must efficiently process and even further refine agricultural raw materials in order to make available to the public a broader range of high-quality foods.

Forestry must make available in 1984 10.2 million cubic meters of timber and carry out extensive measures to keep the forests in good shape.

The transportation industry must lower specific transportation costs in 1984 inland transports by 3.5 percent by means of transport optimization in the branches and sectors. The shift of freight from road to rail and inland shipping--efficient in terms of the national economy--must be even further emphasized. To improve the capacity of the German Railroad and energy conservation in transportation, another 223 km of electrified sections need to be taken into service in 1984.

The following are the targets to be met:

1984
1983 percent

Increase in public freight transports (tons)	
at the railroad to	102.3
in inland shipping	110.2
Increase in transshipment services in sea ports to	106.1
Lowering of prime costs per M100 goods production by	1.9

The post and telecommunication system must raise services to 103.6 percent on the basis of further intensification.

By its 1984 exploration efforts, geology must secure the necessary basis for the increased utilization of domestic raw materials. Exploration must be directed primarily to increasing discoveries of deposits of

Natural gas,
Crude brown coal,
Potash,
Copper, tin and iron ore,
Fluorite and barium sulfate,
Gravel and earths,
Ground water.

Natural gas production must be secured in the volume planned.

The water supply industry must use the planned funds mainly to support the housing construction program and stabilize the public supply of potable water. The measures to improve the water supply and waste water treatment in Berlin, the GDR capital, and other major cities must be steadily pursued.

To improve environmental quality and control, measures must be carried to keep the waters and air free of pollution as well as to utilize or harmlessly dispose of waste products and to lower noise levels, especially in the coal and energy sectors as well as in the chemical industry. Key points are the objectives decided upon in Berlin, the GDR capital, the industrial conurbations such as Leipzig, Karl Marx Stadt and Halle, and also the Ore Mountains.

III.

The 1984 economic plan is oriented to ensuring the rise in output and productivity by the greater use of qualitative factors and the continuing improvement of the cost/profit ratio in all sectors of the national economy by the further reduction of social consumption in the implementation of the production process.

-- The national impact of science and technology must definitely be emphasized. The resolute concentration of manpower and resources and the better utilization of the intellectual-creative potential of the working people must, as a matter of priority, serve to carry out nationally vital innovation processes such as the introduction of microelectronics and the gradual modernization of entire assembly

lines by the use of industrial robots as well as the greater refinement of the raw materials and other materials at our disposal at all stages of production. A decisive task in this context is materials conservation, especially with respect to imported energy supplies, raw materials and other materials. On this basis the production and export profile must be resolutely changed consonant with the requirements of supplies for the public, the national economy and the prescribed foreign trade tasks. The proportion of top achievements must be raised sharply.

- To be further cut is the interval between the beginning of research and development work and full production efficacy of the results.

The results of the work of researchers, developers, designers and technologists as well as innovators, relating to new products and modern technologies, must be made broadly effective by the speeded-up accomplishment of the tasks of science and technology, based on consistent world standard comparisons and the rapid transfer of results to production.

For the same reason we must resolutely encourage the scientific-technological efforts of young people in the movement fair of the masters of tomorrow, by assigning them tasks arising from the plans science and technology--especially to youth brigades and youth research collectives. The subsequent use of MMM /fair of the masters of tomorrow/ exhibits must be comprehensively organized. The following are the targets to be met:

	Unit of Measurement	1984
Conservation of working hours by measures of scientific-technological progress in industry and construction	million hours	573
Increase in the output volume of newly developed products in industry to	billion marks	66.3
Increase in the output of industrial products with the "Q" quality mark compared with 1983 in the national economy as a whole to	percent	120.3

- The efficiency of energy and materials conservation must be raised significantly so as to achieve a noticeable lowering of production consumption.

The planned targets of performance development in 1984 must be achieved--by comparison with 1983--with the same or smaller resources of energy, raw materials and other materials as well as yield a substantial increase in the end product to be distributed. It is therefore imperative in all sectors of the national economy to realize the necessary scientific-technological measures for the greater refinement and multiple use of the available raw materials and other materials, the best possible product quality, the definite improvement of the volume/performance ratio and the enforcement of progressive norms and normatives.

The specific consumption of important energy sources, raw materials and other materials is to be lowered as follows:

	$\frac{1984}{1983}$ percent
Energy intensity by at least	4.2
Rolled steel in the metal processing industry by	10.0
Rolled steel in construction by	9.5
Cement in construction by	6.0

The application of scientific-technological advances must help realize the following materials conservation as a whole in 1984:

Item	Unit of Measurement	1984
Rolled steel	kilotons	603.1
Aluminum	kilotons	14.0
Copper	kilotons	4.4
Cement	kilotons	437.8

The utilization of secondary raw materials, especially of

metallic secondary raw materials,
waste oil,
waste lumber,
recyclable glass containers,
waste paper, and
industrial waste products

must be increased to 29.2 million tons.

- The necessary increase in output and performance must be the result mainly of the more complete exploitation of basic assets, in particular the improvement in the timewise utilization of the available production apparatus and the incidence of shift work as well as by the modernization of existing machinery and plant.

1984 investments by the national economy, amounting to M49 billion, must be concentrated on the measures prescribed in the plan for the greater production and use of domestic raw materials, the introduction of new and modern equipment for processing these raw materials and the improvement in labor productivity as well as the manufacture of qualitatively new and high-quality products for export and the satisfaction of the public's demand for consumer goods.

The following objectives are to be met:

Increase in the internal factory production of industry-specific rationalization aids in the scope of the industrial ministries to

percent

125

Increase in the production and use of industrial robots in the national economy to

items

11,700

Exploitation of important production equipment in industry

hours per
calendar day

16.8

- The social labor capacity must be used to the fullest and with the greatest possible efficacy. Performance growth must be realized primarily by improved labor productivity.

The managers of combines, enterprises and facilities as well as executive boards of cooperatives must ensure smooth flowing production work for the accomplishment of the planned performances and thereby create a crucial prerequisite for the complete daily utilization of working hours. The speed-up in scientific-technological progress and the necessity for changing the production profile consonant with demand on the world markets require the managers thoroughly to discuss with the working people the tasks arising therefrom for the preparation of new technologies and processes as well as the acquisition of new skills, to prepare and carry them out with due concentration and sensitively respond to pertinent questions. Rationalization measures must be directed especially to sections that represent great challenges to increased performance, involve a great deal of manual labor and difficult working conditions as well as to the lowering of management and administrative costs.

The experiences gained in the application of the Schwedt initiative "fewer people produce more" must be extensively utilized to save more manpower and recruit it for key points of the reproduction process in the respective enterprises, especially for the increased shift utilization of machinery and equipment.

All measures of socialist rationalization including scientific labor organization must be carried out in coordination with the competent labor union management organizations and together with the working people.

- It will be necessary in 1984 to improve the efficiency of the social reproduction process in all sectors of the national economy. The following targets have therefore been assigned to industry:

$\frac{1984}{1983}$ percent

Lowering of prime costs per M100 goods production by
Lowering of materials costs per M100 goods production
as the main item in production consumption by

2.9

3.3

The struggle for the observance and for undercutting the planned costs and production consumption must be reinforced at all management levels on the basis of intensively expanded reproduction, especially the introduction of highly efficient technologies in all combines and enterprises, the ongoing perfection of economic accounting and the enforcement of accurate cost accounting and cost control.

Order and security must be guaranteed in all sectors of the national economy. The prescribed measures for the improvement of fire and disaster protection as well as the prevention of major breakdowns must be resolutely enforced.

IV.

To secure and gradually further improve the material and cultural living standards of the people, the following tasks are to be accomplished on the basis of the output and efficiency of the national economy:

	Unit of Measurement	1984
<hr/>		
-- In the field of housing construction:		
Housing to be completed	housing units	197,220
Including:		
Newly constructed housing	housing units	117,570
Modernized housing	housing units	79,650
Including:		
Individual housing construction	housing units	13,090
New construction and modernization in Berlin, the GDR capital	housing units	22,673

The housing construction program must be resolutely implemented in the combination of new construction, modernization and maintenance. More units are to be constructed at already developed locations in urban centers and inner cities. The existing housing stock is to be intensively utilized by increased emphasis on maintenance and modernization.

Building output for the maintenance and modernization of the housing stock is to be raised to 108.8 percent in 1984 by comparison with 1983.

In 1984 M22 billion will be earmarked to carry out the housing construction program, provide housing management and guarantee low rents.

- In conjunction with socialist rationalization and the rise in labor productivity, the working and living conditions of the working people in combines, enterprises, cooperatives and facilities must be further improved as planned.

The extensive use of scientific labor organization must ensure the rational organization of processes. In 1984, 227,000 jobs in industry, construction and transportation must be reorganized or transformed. To be further reduced, in particular, are jobs involving a great deal of manual labor and work in difficult and hazardous conditions. In this context the requirements of health and

work safety must be resolutely enforced. To be improved are supplies for workers, especially those employed in the shift system or who labor in difficult conditions.

Health and social care and welfare for working people in enterprises and facilities must be further improved mainly by the more efficient utilization of available capacities.

- By comparison with 1983 the net money revenues of the people must be raised to 102.2 percent.

Earned incomes of white and blue collar workers will continue to rise on the basis of performance oriented wage policies. To stimulate the best possible performances, we must continue with the introduction of productive wages. In 1984 performance-oriented basic wages and salaries must be introduced for another 360,000 workers, foremen, university and technical school cadres, in conjunction with socialist rationalization and scientific labor organization.

- The following objectives relate to the further improvement of the public's supply with consumer goods and services:

Retail turnover must be raised to 102.2 percent by comparison with 1983.

To be guaranteed is the stable supply of the public with, especially, essential commodities, in particular essential and nonessential foods, consumer notions, replacement parts and components, merchandise for children and youth fashions.

The offer of industrial consumer goods must be improved by raising output on the basis of the latest findings of scientific-technological progress. To effectively support the performance principle, high-quality, durable and reliable products requiring few repairs and of pleasing and fashionable design must be produced and made available in large quantities, consonant with the differentiated needs of the public.

1984
1983 percent

Services and repairs for the public must be raised to	103.8
Car repair services for the public must be raised to	106.2

- In accordance with the performance development of the national economy in 1984, services to the public from social funds must be increased to M76.4 billion in order to continue to pursue the policy of stable consumer prices for basic commodities as well as for rents, fares and services, health care and the satisfaction of the social and intellectual-cultural needs of the people.

- The educational system must continue to be shaped as planned, consonant with the growing demands involved in the organization of the developed socialist society. The standard of communist education, the training and care of children, students, apprentices and undergraduates must be further improved.

As concerns popular education, the development of the 10-grade general educational polytechnic secondary schools as well as of preschool training must continue as planned.

The following capacities need to be created or reconstructed:

1984

School rooms	2,740
Kindegarden places	25,100
Boarding and residential school places	240
School gymnasias	155

Vocational education must effectively contribute to the all-round development of the personality and the growth of efficiency in the national economy. In 1984, 180,000 school leavers will have to be accepted for vocational training and trained as skilled workers.

In the university and technical school system, the capacity of universities and colleges must be further increased as planned with regard to instruction, research and medical care. In 1984, 76,500 students will enroll at universities or technical schools, 58,200 as full-time students.

The following new capacities will have to be provided:

1984

Lecture rooms, premises for seminars and jobs	1,670
Dormitory places	2,000

- The medical and social care for the public must be steadily further improved. Key points here are the further extension of outpatient and inpatient basic medical care, especially in the large cities and conurbations, the further improvement of preventive health care as well as the establishment of more places in creches, retirement and nursing homes and for handicapped children and young people.

The following new capacities will have to be provided:

1984

Medical jobs for the benefit of outpatients	293
Stomatologic jobs	173
Creche places	11,460
Beds in facilities for the treatment and training of physically and mentally handicapped children and young people	528
Beds in retirement and nursing homes	3,746

- To be further expanded from the qualitative and quantitative aspects is the recreational system, especially the vacation service of the labor unions, by the planned reconstruction and modernization of existing facilities,

The following projects of the labor union vacation service are to become operational in 1984: The vacation homes "Otto Buchwitz," Schillerhau, Dresden Bezirk; "Frankenwald," Wurzbach, Gera Bezirk; "Bernard Koenen," Friedrichsbrunn, Halle Bezirk; "Karl Marx," Schoeneck, Karl-Marx-Stadt Bezirk; "Solidarity," Heringsdorf, Rostock Bezirk; "Fritz Reuter," Schwerin-Zippendorf, Schwerin Bezirk.

To be made available in 1984 are 5 million vacation trips provided by the labor union vacation service and enterprises, and 2,663 new overnight accommodations by the labor union vacation service.

- To be improved in 1984 are the opportunities for high-standard leisure and recreational facilities for young people. The facilities for youthful tourists are to be further expanded by reconstruction and modernization. The following are the targets:

1984

The provision of 47 new youth clubs within the scope of complex housing construction, able to accommodate	4,980
Increase in the offer of places in central Pioneer camps to	36,700
Increase in the incidence of year-round operational places in central Pioneer camps to	7,290

- Physical culture and sports must be encouraged all-round.

The mass nature of socialist physical culture must be more and more comprehensively realized in all sectors, especially in sports for children and youths and in leisure and recreational sports. Thirty-two new arenas are to be constructed in 1984.

- Socialist culture and art must meet the greater challenges to the cultural standards of the working people as well as contribute to the development of their creativity and readiness for service. A varied offer of books and records, new cultural and artistic work, interesting club pursuits and high-standard organization of leisure, especially for young people, must contribute to the further definition of the socialist lifestyle.

The available material basis of culture must be used with more imagination and greater efficiency.

The opening of the rebuilt theater on Academy Square and the new Friedrichstadt Palace in Berlin, the GDR capital, represent important contributions to the enrichment of the GDR's cultural life.

Radio and television--influential mass media--must further improve their effectiveness and thereby provide a vital contribution to the politico-ideological orientation of the working people and the satisfaction of their growing intellectual-cultural needs.

V.

The resolute deepening of socialist economic integration with the USSR and the other countries of the socialist community of nations represents a crucial prerequisite for the continuing stable economic and social development of the GDR. The obligations arising from the program of specialization and cooperation with the USSR through 1990 and the agreements concluded in May 1983 on the occasion of the GDR party and state delegation's visit to the USSR as well as the treaties concluded with the other socialist countries, are firm elements of the 1984 economic plan. Key issues are cooperation in science and technology, the assurance of stable and long-term raw material and fuel supplies and the organization of an efficient production structure as well as the improvement of the GDR's export capacity. In accordance with various resolutions and agreements, cooperation in the progressive fields of science and production--such as microelectronics, robot technology and the introduction of modern technologies in industrial and farm production--must be qualitatively improved.

To safeguard the exports prescribed for 1984, the managers of state organs, combines and economy managing organs must enforce significant changes in the production and export profile.

The export strength of the national economy must be further increased by the availability of market appropriate and profitable export products. Market demands must elicit flexible and rapid responses. Assortments, quality, scientific-technological standards and packaging of export products as well as customer services must therefore be so organized as to respond to concrete market circumstances.

Combines and enterprises as well as foreign trade organs must guarantee the quality and delivery date appropriate accomplishment of foreign trade tasks relating to the USSR and the other socialist countries.

Economic and scientific-technological cooperation with the developing countries must again be steadily pursued. For the greatest mutual benefit exports and imports need to be linked with scientific-technological cooperation, cadre training, advisory services, user information and customer services.

The GDR endeavors to further develop trade and economic as well as scientific-technological relations with all capitalist industrial countries, provided they are carried on in terms of equal rights and mutual profit.

* * *

The GDR Council of Ministers is instructed to manage the implementation of the 1984 economic plan in implementation of the Tenth SED Congress resolutions and to supervise its fulfillment. It must make the necessary decisions for the assurance of the planned proportional and structural development of the national economy as well as of the complete discharge of the responsibilities of central state organs and local councils.

The People's Chamber of the German Democratic Republic appeals to the workers, cooperative farmers, members of the intelligentsia and all other working people, asking them to offer all their knowledge, creative abilities and energy to the accomplishment of the objectives of the 1984 economic plan.

The responsible, prompt and high-quality implementation of the 1984 economic plan tasks is the prerequisite for the further consistent realization of the main task in its unity of economic and social policy. The working people of the GDR will thereby provide an important contribution to the consolidation of the international status of socialism, the preservation of peace, to detente and disarmament and the improvement of the international political climate.

State Budget

East Berlin NEUES DEUTSCHLAND in German 10/11 Dec 83 p 4

/Law on 1984 State Budget, 8 December 1983/

/Text/ In conformity with the 1984 economic plan, the People's Chamber of the German Democratic Republic enacts the following law on the 1984 government budget plan:

Article 1

The revenues and expenditures of the state, the state budget plan of the German Democratic Republic and the funds of state combines and enterprises arising from profits are confirmed as follows:

	State Revenues and Expenditures	State Budget Plan	Funds of State Com- bines and Enterpri- ses from Profits
in million marks			
Revenues	231,154.5	209,615.1	21,539.4
Expenditures	231,034.5	209,495.1	21,539.4
1984 Revenue Surplus	120.0	120.0	-

Article 2

The following are confirmed as main headings of revenues and expenditures in the 1984 state budget:

in million marks

	Revenues	Expenditures
State economy (excluding agriculture, forestry and food industry)	157,683.3	52,397.3
State and cooperative agriculture, forestry and food industry	7,758.3	12,643.0
including:		
-- Price supports for means of production for farm enterprises, arising from changes in industrial prices	-	(2,146.0)
-- State revenue subsidies for dairy and cereal farming	-	(5,483.2)
-- Expenses of land improvement, site-related surcharges and other production promoting measures in agriculture	-	(2,327.6)
Academy of Sciences	287.6	797.0
Maintenance of traffic routes	-	3,493.5
Taxes and levies	16,112.2	-
Housing construction and administration	-	11,110.2
Including:		
-- Complex new housing construction	-	(2,350.0)
-- Modernization of housing	-	(397.5)
-- Building repairs to housing stock	-	(2,124.6)
-- Administration of the housing stock	-	(3,372.1)
-- Interest and repayment of investment credits for new housing construction	-	(2,866.0)
Replacement and expansion of the basic assets of cultural-social and educational facilities outside complex new housing construction	-	1,346.4
Budget resources for investments and science and technology for the university and technical school system, the health services and other state organs and facilities	-	1,259.6
Price supports to ensure stable prices of basic commodities and fares for the public	-	33,108.4
Popular education	384.1	8,256.6
University and technical school system	292.9	2,256.6
Vocational education	10.2	1,002.6
Adult education	36.0	108.8
Health and social welfare system	7,711.0	11,648.5
Including:		
Social insurance payments for health services	(6,305.0)	-
Forgiving loans for young married couples and waiver of interest for loans taken up	-	235.5

in million marks		
	Revenues	Expenditures
Social security and other state supply services	16,885.2	31,034.5
Youth facilities	204.3	407.6
Culture	479.9	1,869.8
Sports	107.9	442.4
Recreation and vacation services	90.6	441.7
Tourism abroad (subsidy)	-	176.5
Radio and television	545.4	760.3
Municipal measures and services	124.7	801.2
State apparatus and economy managing organs	278.8	3,787.5
Foreign affairs	-	216.8
National defense	-	12,222.3
Public security, administration of justice and security of the national borders	-	4,738.8

Article 3

To safeguard the material and cultural standards of living of the people so far achieved and their gradual improvement, the state budget makes available M76,424.9 as special funds, taking into consideration the main headings of revenues and expenditures as per Article 2.

Article 4

(1) The central budget plan is confirmed as follows:

Revenues	M163,364.8 million
Expenditures	M163,244.8 million

(2) The budget plans of social insurance as an independent part of the state budget within the central budget are confirmed as follows:

	Blue and White Collar Workers	Members of Socialist Production Cooperatives and Other Working Strata
million marks		
Revenues	14,867.0	1,724.3
Expenditures	26,498.3	3,446.9
Subsidies from the state budget	11,631.3	1,722.6

Article 5

(1) The budget plans of Berlin, the GDR capital, and the districts are confirmed as follows:

		Including: Share in the Total Revenues of the State Budget		
	Expenditures and Revenues	Total	Including: Earmarked for Investments	Cash in Hand on 1 January 1984 and 31 December 1984
million marks				
Berlin	4,812.0	2,887.7	691.3	39.0
Cottbus	2,541.9	1,384.9	169.6	16.0
Dresden	4,523.0	2,263.7	375.1	36.0
Erfurt	3,244.2	1,534.2	266.3	24.0
Frankfurt (Oder)	2,135.1	1,319.5	137.7	13.0
Gera	2,056.6	1,090.2	165.4	16.0
Halle	4,326.9	2,118.4	327.6	33.0
Karl-Marx-Stadt	4,291.6	1,959.7	329.4	33.0
Leipzig	3,364.5	1,587.5	255.9	27.0
Magdeburg	3,486.8	1,668.9	238.1	27.0
Neubrandenburg	2,145.5	1,318.0	126.3	19.0
Potsdam	3,050.0	1,581.4	260.4	24.0
Rostock	2,840.6	1,721.2	230.6	22.0
Schwerin	1,995.0	1,088.3	124.5	16.0
Suhl	1,436.6	707.5	122.9	11.0
Total	46,250.3	24,231.1	3,821.1	356.0

(2) Local people's representations finance their planned tasks from:

- Payments by subordinated enterprises, earnings of their organs and subordinated facilities;
- Taxes (excluding wage tax) and municipal levies;
- Their share in the total revenues of the state budget.

(3) Municipalities and kreis-subordinated cities have available own moneys and funds of the local people's representations and other sources as per the legal regulations, for the effective encouragement of socially useful citizens' initiatives, the all-round fulfillment of the plan and its purposeful overfulfillment, the organization of social life and the improvement of working and living conditions.

Article 6

In accordance with Article 4 of the Law of 13 December 1968 on the State Budget Order of the German Democratic Republic (GBI I No 23 p 383), the Council of Ministers decides about the amendments to the 1984 state budget plan required in the course of plan implementation. The surplus of revenues prescribed in Article 1 may not be amended.

Article 7

The Minister for Finance issues implementing regulations.

Article 8

- (1) This law takes effect on 1 January 1984.
- (2) Losing effect at the same time is the law of 3 December 1983 on the State Budget Plan (GBI I No 39 p 629).

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CSO: 2300/182

DECREE ON REGULATING PAYMENT SYSTEM

Text of Decree

East Berlin GESETZBLATT DER DEUTSCHEN DEMOKRATISCHEN REPUBLIK in German Part I No 30,
9 Nov 83 pp 293-296

/Decree on Regulating the Payment System--Payment System Decree--, signed by
W. Stoph, chairman, GDR Council of Ministers and H. Kaminsky, president, GDR State
Bank on 13 October 1983

/Text/ Payment transactions must be carried out on the basis of the active utili-
zation of commodity-money relations in the national economy and consonant with the
needs of the citizens, in accordance with economic requirements and at the best pos-
sible quality, reliability and rationality. The following is therefore decreed:

Article 1

Scope

(1) This order regulates the principles of payment transactions in GDR marks, car-
ried on by way of the

-- GDR State Bank, the GDR Bank for Agriculture and Foodstuffs, the German Foreign
Trade Bank AG /Inc/, the German Trade Bank AG, GDR savings banks, GDR coopera-
tive credit unions for crafts and trade and other credit cooperatives as well
as the GDR Railroad Savings Bank and the VdgB's /Peasant Mutual Aid Associations/
(hereinafter designated financial and credit institutes),

-- Postal check offices,

-- Post and telecommunication offices/main post offices (hereinafter designated
post offices).

(2) This decree applies to financial and credit institutes, post check offices and
post offices as well as to

a) State combines and enterprises as well as state facilities capable of acting as
legal entities, and their superordinated organs,

- b) State organs and state facilities capable of acting as legal entities,
- c) Socialist cooperatives and their enterprises and facilities capable of acting as legal entities, such as purchasing and supply cooperatives of craft trades,
- d) Socialist communities and community facilities capable of acting as legal entities,
- e) Social organizations and associations at kreis, district and central level, and their enterprises and facilities capable of acting as legal entities,
- f) Craftsmen and traders with annual revenues or turnover in excess of M50,000 and commission traders,
- g) Other enterprises capable of acting as legal entities and having annual revenues or turnover in excess of M50,000,

(hereinafter designated enterprises).

(3) This order applies to

- a) Social organizations and associations in kreis subordinated cities and communities as well as to enterprises, craftsmen and traders and other enterprises capable of acting as legal entities and with annual revenues or turnover up to M 50,000,
- b) Facilities or premises of foreign enterprises and institutions in the GDR only when this is explicitly stated.

Article 2

Rights and Duties of the State Bank as the Center of Issues and Clearings for the National Economy

- (1) On the basis of Council of Ministers' decisions, the GDR State Bank (hereinafter designated State Bank) ensures the uniform and national organization of payment transactions arranged by way of financial and credit institutes so as to implement the economic plan. It must direct and coordinate all tasks while closely cooperating with the other financial and credit institutes as well as with the Ministry for Post and Telecommunications.
- (2) The State Bank is responsible for the organization of inter-enterprise payment transactions in accordance with the requirements of economic accounting in state combines and enterprises. It decides the principles of the use of payment procedures and payment terms for the settlement of payment liabilities arising from commodity supplies and services.
- (3) The State Bank is responsible for the uniformity of the payment system of financial and credit institutes, the forms and other data bases, the means of providing security and the assurance of other requirements on security and the

application of system criteria to payment transactions. The use of forms other than prescribed for payment transactions is permissible only with the approval of the State Bank, in the case of forms issued by the post check offices and post offices only with the approval of the Ministry for Post and Telecommunications.

(4) The State Bank decides nation-wide principles for the use of cash by the enterprises. It ensures the greatest possible security and rationality in the supply of cash by financial and credit institutes.

(5) The State Bank is responsible for the regional rationalization of payment transactions by the efficient utilization of the capacities of all financial and credit institutes. It organizes the far reaching automation of payment transactions in the financial and credit institutes and aids the automation of payment transactions in the national economy as a whole.

(6) On the basis of instructions issued by the president of the State Bank, district directors in the districts and branch directors in the kreises must direct and coordinate tasks relating to the rapid, safe and rational handling of cashless and cash payment transactions, including measures for the regional rationalization of payment transactions. District and branch directors of the State Bank also cooperate with the directors and managers of other financial and credit institutes as well as with the district directorates of the German Post Office and the regional post offices.

Article 3

Rights and Duties of Financial and Credit Institutes in Payment Transactions

(1) Financial and credit institutes, post check offices and post offices must continue to improve as planned their services relating to payment transactions. They are obligated rapidly and reliably to execute payment orders consonant with legal regulations, and to ensure the orderliness and security of the payment system.

(2) Financial and credit institutes as well as post check offices submit to the enterprises proposals and requests for the efficient handling of payment transactions. They influence the rational organization of payment transactions by the enterprises with the aim of reducing the administrative costs of such transactions in the national economy and of simplifying payment transactions between enterprises and citizens. For that purpose they arrive at agreements with the enterprises regarding the most appropriate settlement of cashless and cash payments. Financial and credit institutes see to it that the enterprises agree with their contractual partners the payment procedures and terms appropriate to economic requirements.

(3) The respective financial and credit institutes are entitled to carry out checks in the enterprises to see whether the legal regulations on payment transactions are observed and the requirements for their rational execution met. With regard to state combines and enterprises, they include in their checks the prompt settlement of receivables and liabilities arising from commodity deliveries and services. The financial and credit institutes must advise the enterprise managers of the results of their checks. Financial and credit institutes must collaborate with other state supervisory organs, chief bookkeepers and social organizations of the working people in the enterprises.

(4) If enterprises fail to respond to the requirements of the respective financial and credit institutes, the combine or superordinated organ of the enterprise adopts the necessary measures in agreement with the financial or credit institutes competent for these organs.

Article 4

Rights and Duties of Enterprises in Payment Transactions

(1) Enterprises must make their payments via their competent financial or credit institute unless otherwise provided in legal regulations or agreed in the account contract. They are obligated to utilize all opportunities for the rationalization of payment transactions, especially by the use of electronic data processing for drawing up payment orders in machine legible form, and the use of efficient procedures in payment transactions with private citizens. Enterprises must ensure payment discipline. They must guarantee orderliness and reliability of payment transactions and, when cash needs to be carried, provide the necessary security.

(2) Enterprises must execute payment transactions in accordance with the requirements of economic accounting. On the basis of legal regulations on the payment of payment obligations arising from commodity deliveries and services, they must agree appropriate payment procedures and terms in their business contracts.

(3) In their capacity as sellers, enterprises are responsible for the orderly realization of their financial claims. In the case of late payment, they are obligated to assert their claims arising from business contracts duly concluded and, if necessary, enforce them. In their capacity as buyers, enterprises must ensure the necessary checks regarding the observance of business contracts before payment and promptly pay contract-appropriate commodity deliveries and services.

(4) Enterprises must apply to their financial or credit institute for payment orders for wages and salaries or the equivalent income at the proper time, so that the recipients may be paid on the due date.

(5) If enterprises intend changes in their payment procedure likely to affect citizens and the labor expended by financial and credit institutes or post check offices and post offices, they are obligated to obtain the prior approval of their respective financial or credit institute or post check office. The financial or credit institute may request that administrative cost savings and their consideration in the plan be proven.

(6) On the basis of legal regulations for their sphere of responsibility, combines and superordinated organs of enterprises may decide or recommend a differentiated use of payment procedures and terms with regard to financial claims arising from commodity deliveries and services, taking into account the specific circumstances of the industry or product group and in agreement with their competent financial or credit institute. In agreement with the competent financial or credit institute such decisions or recommendations are admissible also for payments between enterprises in different spheres of responsibility, provided that coordination contracts were concluded between the respective combines or superordinated organs.

Article 5

Account Keeping Duty and Account Contract

- (1) The enterprises listed in Article 1 Paragraph 2 are obligated to maintain accounts. They must conclude account contracts with the competent financial or credit institute. Account contracts must be in writing.
- (2) The written approval of the competent financial or credit institute is required for the maintenance of additional accounts at another financial or credit institute or post check office. Approval is granted if the maintenance of additional accounts is warranted from the economic aspect or useful to the rational execution of payment transactions.
- (3) Agreements on the rational execution of payment transactions and account keeping may be concluded on the basis of the account contract between the financial and credit institutes or post check offices holding the account and the enterprises and --if needed--other financial and credit institutes as well as post offices. The financial and credit institutes as well as post check offices may request the conclusion of the respective contracts.
- (4) The social organizations and associations, craftsmen and traders and other enterprises capable of acting as legal entities and listed in Article 1 Paragraph 3 letter a, are not obligated to maintain accounts. For payments arising in the course of their operations or related to the accomplishment of their tasks, they may maintain a giro account at the financial or credit institute or post check office competent for them. In this case the provisions of Paragraphs 1 and 3 apply *mutatis mutandi* to the conclusion of account contracts and contracts for the rational execution of payment transactions.
- (5) Establishments or premises of foreign enterprises and institutions in the GDR have the right to maintain an account. If their annual revenues or turnover exceed M50,000, they must execute their payment transactions via bank accounts. The terms applicable to account maintenance and payment transactions are agreed in the account contract.

Principles of Cashless Payment Transactions

Article 6

- (1) In cashless payment transactions, financial and credit institutes as well as post check offices carry out payment orders within the scope of the drawing opportunities and legal regulations regarding the accounts of the payment partners. Cashless payments to enterprises and payment partners as per Article 1 Paragraph 3 may be made only via giro accounts.
- (2) Financial liabilities arising from commodity deliveries and services or from the fulfillment of other performances may be paid by
 - a) The transfer method,

- b) The check method,
- c) The debit method,
- d) The credit method

unless cash is paid as per Article 8 Paragraph 1 letter i. Enterprises must use all available opportunities for reducing the number of payments by the issue of collective invoices.

(3) Transfers are to be agreed if it is necessary to examine the commodities or services supplied, so as to enable the customer in the case of ascertained contract violation to refuse all or some of the payment on the basis of legal regulations and the rights assigned him in the business contract. The party liable for payment may issue a standing transfer order to his financial or credit institute or post check office for the transfer of recurring amounts at fixed dates and for the regular squaring of account balances.

(4) Payment by check is to be preferentially agreed whenever the buyer takes direct delivery or obtains direct service from the seller and is able immediately to check them. The amount of the invoice must be known to the buyer before the receipt of the commodities. Instead of the debit procedure requested by the buyer, immediate payment by check upon receipt of the commodity or service delivery may be agreed.

(5) The debit method is to be agreed if an examination of the commodity delivery or service by the buyer is not possible or not required, due to the type and features of the commodity delivery or service, or if--on the basis of legal regulations or contractual stipulations--examination by the buyer occurs even before the issue of the invoice. In agreement with the managers of the competent central state organs, the president of the State Bank may issue instructions differing from the above provisions. He may decide that some payment obligations arising from commodity deliveries or services are to be paid by the debit method without requiring an agreement between the contract partners in the business contract. If commodity deliveries and services are not contract-appropriate, the buyer is entitled to reject another charge in the debit method vis-a-vis the respective seller, even though the use of this method is prescribed in legal regulations.

(6) The credit method may be used if the buyer maintains poor payment discipline or at the request of the financial and credit institute. The credit method cannot be used in the post check service.

Article 7

(1) Unless otherwise prescribed, enterprises as per Article 1 Paragraph 2 letters a-e must agree in the business contract with financial and credit institutes as well as post check offices and post offices the payment methods and payment terms for the payment of obligations arising from commodity deliveries and services, and so must these institutes and enterprises as per Article 1 Paragraph 2 letters f and g.

(2) Payment procedures and payment terms for the payment of commodity deliveries and services may be agreed also between contract partners who, as per Paragraph 1, are not obligated to do so.

(3) For constantly recurring and one-time¹ only financial claims on private citizens, enterprises may use the debit order method¹ if they have previously concluded an agreement on the use of this method with their financial or credit institute or post check office, and if the citizens have given written consent to the debit order method.

Article 8

Principles of Cash Payment Transactions

(1) Cash payments by enterprises are permissible within the framework of disposition facilities for

- a) Wages and salaries as well as apprentice remuneration,
- b) Premiums,
- c) Distribution of the net income of socialist cooperatives to their members,
- d) Pensions and other social performances,
- e) Study grants,
- f) Private withdrawals,
- g) Other payments to private citizens
- h) Purchases of farm products and secondary raw materials as well as payments to payment partners as per Article 1 Paragraph 3,
- i) Small payments to other enterprises if the use of cashless payment methods is not rational. Amounts up to M200 are deemed small payments. Upon application by the enterprise, the competent financial or credit institute may raise this limit for some constantly recurring commodity deliveries and services.

Payments as per letters a-h must be cashless if the recipients so desire. When making cash withdrawals, the enterprises must state the ultimate purpose of the money withdrawn.

(2) Enterprises may use cash revenues for cash payments. If wages and salaries are paid from cash revenues,

- a) The state combine, enterprises and state facilities capable of acting as legal entities and their superordinated organs,
- b) State organs and state facilities capable of acting as legal entities,
- c) Consumer cooperatives

must separately document these payments to their competent financial or credit institute upon request.

1. Currently in effect is the Order of 11 September 1981 on the Settlement of Financial Claims and Payment Obligations by the Debit Order Method--Debit Order Method --(GB1 I No 28 p 343).

(3) Equivalent to cash payments are payments debited to the account of the enterprise and paid in cash to the recipient. A combination of cashless and cash payments may be used if private citizens and recipients or debtors as per Article 1 Paragraph 3 do not maintain accounts or have not furnished particulars of their accounts.

(4) With respect to constantly recurring payments, enterprises must recommend to their payment partners that these should provide details of their accounts to enable the enterprises to pay their payment obligations by transfer and have financial claims debited to the accounts of the payment partners following the required agreement.

Transition and Concluding Provisions

Article 9

Consequent Provisions

(1) In agreement with the managers of the competent central state organs, the president of the State Bank issues the legal regulations required for the implementation of this decree.

(2) General performance terms and other legal provisions issued by the managers of other central state organs and including provisions relating to the execution of payment transactions or account keeping by financial and credit institutes, require the approval of the president of the State Bank.

Article 10

Effect on Contracts Concluded

This decree applies to all account contracts in being at the time it takes effect as well as to other contracts that include provisions on payment transactions.

Article 11

Amendment of Legal Instructions

The references to the Settlement Decree of 12 June 1968 (GB1 II No 64 p 423) in the following legal instructions are to be replaced by the following references to this decree:

1. Transfer Order of 18 May 1978 (GB 1 I No 16 p 186)

- In Article 1 Paragraph 1 by Article 7 Paragraphs 1 and 2 of the Payment Systems Decree,
- In article 2 Paragraph 1 by Article 6 Paragraph 3 of the Payment System Decree,
- In Article 2 Paragraph 1 letter c by Article 6 Paragraph 5 of the Payment System Decree;

2. Credit Order of 3 September 1964 (GB1 II No 93 p 769)

-- In Article 1 Paragraph 1 by Article 7 Paragraphs 1 and 2 of the Payment System Decree,

-- In Article 1 Paragraph 2 by Article 6 Paragraph 6 of the Payment System Decree;

3. Order of 12 May 1970 on the Use of Electronic Data Processing in Payment Transactions--Coding of the Reason for Payment--(GB1 II No 43 p 317)

-- In Article 2 Paragraph 1 by Article 1 Paragraph 2 of the Payment System Decree.

Article 12

Taking Effect

(1) This decree takes effect on 1 January 1984.

(2) Losing effect at the same time are:

a) Decree of 12 May 1969 on the Regulation of the Payment System--Payment System Decree--(GB1 II No 40 p 261),

b) Decree of 12 June 1968 on the Settlement of Payment Claims Arising from Inter-enterprise Commodity-Money Relations--Settlement Decree--(GB1 II No 64 p 423),

c) Order of 12 May 1969 on Cash Payment Transactions (GB1 II No 40 p 263).

Order on Debit Method

East Berlin GEZETZBLATT DER DEUTSCHEN DEMOKRATISCHEN REPUBLIK in German Part I
No 30, 9 Nov 83 pp 296-298

/Text/ Order on Debit Method, signed by H. Kaminsky, president, GDR State Bank on 13 October 1983

/Text/ On the basis of the Decree of 13 October 1983 on Regulating the Payment System--Payment System Decree--(GB1 I No 30 p 293) and in agreement with the managers of the competent central state organs, the following is ordered:

Article 1

Scope

(1) This order regulates the payment of financial obligations by the debit method

a) Between

-- State combines, enterprises and state facilities capable of acting as legal entities and their superordinated organs,

- State organs and state facilities capable of acting as legal entities,
- Socialist cooperatives and their enterprises and facilities capable of acting as legal entities as well as purchasing and supply cooperatives of crafts and small trade,
- Socialist communities and community facilities capable of acting as legal entities,
- Social organizations and associations at kreis, district and central level and their enterprises and facilities capable of acting as legal entities;

b) Between

- The parties listed in letter a on the one hand, and
- Craftsmen, small traders and other enterprises capable of acting as legal entities with an annual revenue or turnover in excess of M50,000 as well as commission traders on the other.

(2) Organs and enterprises in the scope of the Decree of 15 October 1981 on Deliveries and Services to the Armed Organs--Delivery Decree (LVO)--(GB1 I No 31 p 357) participate in the debit method consonant with the provisions of that decree.

(3) The debit method may also be agreed for the payment of commodity deliveries and services in business contracts between contract partners who are not obligated to do so as per Paragraphs 1 and 2.

Article 2

Payment of Financial Obligations Arising from Commodity Deliveries and Services

(1) The payment by the debit method of financial obligations arising from commodity deliveries and services requires agreement in the business contract unless use of this method is mandatory.

(2) Payment obligations arising from the supply of electric energy, gas, heat and water must be settled by the debit method.

(3) Payment obligations arising from the following commodity deliveries or services are to be settled by the debit method on the basis of agreements:

a) Fixed fees and remunerations on the basis of rates and legal instructions as well as similar contractually fixed payments such as those arising from usufruct and assignment contracts,

b) Import deliveries and deliveries in direct-to=purchaser export sales,

c) Transportation services and telecommunication services,

- d) Commodity deliveries and services that are to be examined and accepted by the buyer as per contract, ALB /general delivery and performance terms/ or other provisions before issue of the invoice,
- e) Deliveries of precious metals, precious metal alloys and products manufactured therefrom insofar as payment by the debit method is not mandatory according to legal regulations,¹
- f) Deliveries of other rare metals, gems or genuine pearls and products made therefrom.

The buyer may reject the debit method if he has a justified interest before payment to examine the obligations accepted by the seller in the contract. Rejection of the debit method is also possible if by reason of indeterminate delivery dates, for example, it is not possible to determine the date on which the amount of the invoice should be debited to the account of the purchaser, so that the buyer is not able to make the appropriate provisions with regard to his financial resources. If no agreement can be arrived at for these reasons, and if the contract partners also fail to agree on immediate payment by check as per Article 6 Paragraph 4 of the Payment System Decree, the transfer procedure is deemed agreed unless the State Contract Court decides otherwise.

(4) In the course of observing their responsibility for the organization of inter-enterprise commodity-money relations, sellers and buyers are entitled even in other circumstances to agree the debit method; for example in the case of

- Commodity deliveries and services for which the buyer may forego his own inspection by reason of quality certificates, product analyses, and so on, already submitted to him,
- Constant exemplary contract discipline of the seller and the exceptional quality of his products.

If no agreement is concluded on the use of the debit method, the transfer method is deemed agreed; any other contract organizing decision by the State Contract Court is excluded.

(5) In the case of commodity deliveries and performances that proceed continuously and, as a rule, in the same volume and at the same quality, the contract partners may agree for instalment payments to be debited at specific dates as well as the final payment.

Article 3

Presentation of the Debit Order

(1) In the debit method, the seller places an order with his financial or credit institute for crediting his account with a specific amount and debiting the account of the buyer. The seller must present the debit order to his financial or credit

1. Currently in effect is the Order of 28 September 1982 on the Processing and Conversion of Precious Metals (GB1 I No 36 p 612).

institute or post check office promptly after issue of the invoice. If fixed payment dates are agreed for fees and remunerations, the presentation of the debit order must occur on these dates.

(2) In the case of claims on foreign trade enterprises due to direct-to-purchaser export trading, the seller must present the debit order together with the completed payment initiating export documents and/or other settlement documents prescribed for export orders to the foreign trade bank competent for him; he must also observe the fixed presentation dates. After verification of the documents, the competent foreign trade bank conveys the debit order to the financial or credit institute where the seller has his account or to the seller direct if this was agreed with him for the purpose of including the debit order in a machine legible data carrier. If the competent foreign trade bank rejects debit orders for direct-to-purchaser export trades due to nonobservance of the presentation date or textual defects in the export documents, the foreign trade enterprises must pay the invoice amounts by the transfer method.

(3) The account keeping financial or credit institute may request the presentation of business contracts, invoice records or other documents in order to check the entitlement for use of the debit method when the seller presents debit orders or the buyer returns debit orders.

(4) Financial and credit institutes as well as post check offices are entitled to reject debit orders if

- a) The forms presented are not properly completed or altogether inadmissible,
- b) Data carriers are presented, that cannot be processed or do not correspond to the agreement,
- c) The orders do not carry a legally binding signature.

Such orders are promptly returned to the seller, citing the reason for the rejection.

Article 4

Execution of Debit Orders

(1) The financial or credit institute or post check office

- Makes available in advance to the seller the amount of the invoice subject to the redemption of the debit by the account of the buyer,
- Debits the amount of the invoice promptly upon receipt of the debit order to the account of the buyer and notifies him of the debit transaction.

(2) If, due to the lack of ready funds an amount of money cannot be debited to the buyer's account, the debit order is returned to the financial or credit institute or post check office and the buyer notified accordingly. The financial or credit institute or post check office of the seller carries out the return settlement of the amount and notifies the seller. Financial and credit institutes and post check offices do not handle partial debits.

(3) If the seller uses the debit method unjustifiably, the buyer is entitled to the return of the amount of the invoice and compensation for possible further damage as prescribed in legal regulations. The debiting of an invoice is unjustified if

- The use of the debit method is neither prescribed in legal regulations nor contractually agreed,
- The buyer has refused payment of future commodity deliveries and services by the debit method due to repeated violations of the business contract or ALB,
- Deliveries or services were not contract appropriate.

(4) In the above listed instances, the buyer may issue to his financial or credit institute or post check office an order bearing a legally binding signature and made out on the prescribed forms, for the return of the full or partial invoice amount wrongly debited. The buyer must state the reasons for this return demand in the return debit order. The financial or credit institute or post check office rejects the return debit order if it is received later than 14 days after the day the invoice amount was debited, or if it does not state a reason.

(5) Returned amounts of money are excluded from future settlement by the debit method.

Article 5

Special Features with Regard to the Execution of the Debit Method

In exceptional circumstances relating to the national interest, the managers of central state organs in agreement with the managers of the central state organs competent for the buyers and with the consent of the President of the GDR State Bank may, as per Article 4 Paragraph 6 of the Payment System Decree, regulate in other legal instructions or agree in master contracts that other types of payment obligations arising from commodity deliveries and services or other payment obligations are to be paid by the debit method as per Article 2 Paragraph 2, or that the procedure may diverge from the provisions of Articles 3 and 4.

Article 6

Concluding Provisions

- (1) This order takes effect on 1 January 1984.
- (2) Losing effect at the same time is the Order of 8 August 1978 on the Settlement of Financial Claims Arising from Inter-enterprise Commodity-Money Relations by the Debit Method--Debit Order--(GB1 I No 28 p 314).

Order on Payment Maturity

East Berlin GESETZBLATT DER DEUTSCHEN DEMOKRATISCHEN REPUBLIK in German Part I No 30,
9 Nov 83 pp 298-300

/Order on Maturity of Payment Obligations from Commodity Deliveries and Services,
signed by H. Kaminsky, president, GDR State Bank on 13 October 1983/

/Text/ In agreement with the managers of the competent central state organs, the following is ordered on the basis of the Decree of 13 October 1983 on Regulating the Payment System--Payment System Decree--(GBI I No 30 p 293):

Article 1

Scope

(1) This order regulates payment terms and maturities for the settlement of payment obligations arising from commodity deliveries and services

a) Between

- State combines, enterprises and state facilities capable of acting as legal entities and their superordinated organs,
- State organs and state facilities capable of acting as legal entities,
- Socialist cooperatives and their enterprises and facilities capable of acting as legal entities as well as purchasing and delivery cooperatives of crafts and small trade,
- Socialist communities and community facilities capable of acting as legal entities,
- Socialist organizations and associations at kreis, district and central level and their enterprises and facilities capable of acting as legal entities;

b) Between

- The parties listed in letter a on the one hand, and
- Craftsmen, small traders and other enterprises capable of acting as legal entities with annual revenues or turnover in excess of M50,000 as well as commission traders, on the other

(hereinafter designated enterprises).

(2) The provisions of this order also apply to all methods of payment agreed as per Article 7 Paragraph 2 of the Payment System Decree.

Article 2

Payment Terms

(1) To be agreed in the contracts on commodity deliveries and services are justified payment terms. The payment term is justified from the economic aspect if it takes into account the necessary delay for

-- Transportation,

-- The inspection of the commodities on the basis of modern test procedures and taking into account the type and features of the commodities or services as well as agreed testing and reception terms,

-- Scrutiny of the invoice and issue of the payment order on the basis of rational administrative organization.

The payment term is to be so set that it corresponds to complete calendar weeks (payment dates of 7, 14, 21 or 28 days).

(2) The following payment terms are to be agreed in accordance with these principles:

1. A payment term of 7-14 days for

- a) Commodities needing little time for testing, provided that the means or kind of transportation agreed in the contract ensures an average transportation period not exceeding 3 days;
- b) Deliveries, the invoice amount of which is calculated by the recipient of the commodities,
- c) Commodity deliveries and services as per Article 2 Paragraph 3 of the Debit Order of 13 October 1983 (GB1 I No 30 p 296), if the payment of the obligation by the debit method was not agreed;
- d) Other deliveries and services that can be inspected and paid within these time frames.

2. A payment term of 21 and 28 days for

- a) All commodity deliveries and services to which the terms noted in No 1 do not apply;
- b) All commodity deliveries and services--with the exception of those noted in No 1, letters a and c--to the German Railroad if, as per contract, delivery is made to another German Railroad office than the one obligated to pay.

An agreement on payment terms exceeding 28 days is not admissible.

(3) If the contract partners agree instalment payments for goods deliveries and services that proceed continuously and, as a rule, in the same volume and at the same quality, the contractual dates apply to these and to the payment of the difference arising from the final settlement. The settlement term may not exceed 1 month.

(4) When legal regulations include special instructions on payment terms or fixed payment terms are agreed in contracts such as use contracts, the provisions of Paragraphs 1 and 2 do not apply.

Article 3

(1) If enterprises cannot agree on the payment term to be used as per Article 2 Paragraph 2, the following applies for the payment of the invoice amount--provided no other contract forming decision is given by the State Contract Court:

Article 2 Paragraph 2 No 1: A payment term of 14 days

Article 2 Paragraph 2 No 2: A payment term of 28 days.

(2) If the buyer rejects further payment of obligations by the debit method as per Article 6 Paragraph 5 of the Payment System Decree, the provisions of Article 2 Paragraphs 1 and 2 apply with regard to the payment term.

(3) If the competent foreign trade bank rejects debit orders for direct-to-purchaser export business due to nonobservance of the presentation period or textual defects of the export documents, the foreign trade enterprises must pay the invoice amounts by transfer within a payment term of 28 days.

Article 4

(1) The payment term begins on the day after issue of the invoice. In effect for the issue of the invoice is Article 59 of the Contract Law of 25 March 1982 (GB1 I No 14 p 293). For deliveries by enterprises in the direct-to-purchaser export trade, the payment term begins on the day following presentation to the competent foreign trade bank of the complete payment initiating export documents and/or other invoice records prescribed in the export order.

(2) In the case of deliveries for which the recipient of the goods calculates the invoice amount, the payment term begins on the day following receipt of the delivery by the recipient of the commodities.

Article 5

(1) If the commodities, the pertinent documents or the invoice have not been received or were received so late that the buyer was unable to exercise his right to inspection before the end of the payment term, the payment term for commodity deliveries and services ends

a) On the 7th day at a payment term of up to 14 days,

b) On the 14th day at a payment term exceeding 14 days.

The extension of the payment term occurs when the buyer has sent an appropriate notification to the seller before the end of the payment term. If no invoice is to hand, the date of the receipt of the goods plus the contractually agreed payment term is the latest date for sending the notification to the seller. If at the time of notification neither the commodities, documents or invoice were received, the seller must be advised of the day of receipt; if this is not done, payment is due 7 or 14 days after the day the notification was issued.

(2) If the buyer refuses payment of the invoice due to the lack of contract-appropriate commodity delivery or service, the payment term is interrupted from the day the defect notification was mailed. The invoice amount is due 14 days after removal of the defects or the receipt of the contract-appropriate commodities by the buyer.

Article 6

Maturity and Payment

(1) The amount of the invoice is due:

- a) If the transfer and check method is used on the last day of the payment term
- b) If the debit method is used on the day of the receipt of the debit order by the financial or credit institute or post check office of the buyer
- c) For contractually agreed instalment payments on the contractually agreed date of payment.

(2) The contract law applies to the determination of the date of payment. The day of transfer or deposit of an invoice amount is shown on the payment orders and account statement by the imprint of the security or bank stamp of the financial and credit institute or the date stamp of the post check offices or post offices, or by the date recorded by an electronic data processing facility.

Article 7

Assurance of Planned Settling of Payments

Enterprise managers must ensure that the settling of payments for both accounts receivable and payable arising from commodity deliveries and services are analyzed at regular intervals. In the case of divergences from the plan, measures for the restoration of compliance with the plan must be initiated. Enterprises must rationally organize inpayment control and reminders, and send out reminders for due invoice amounts no later than 30 days after the due date.

Article 8

Late Charges for Late Payments

(1) With the exception of the provision as per Paragraph 3, enterprises are obligated to impose late charges for nonobservance of the payment term. The late charge

is 18 percent per annum of the amount paid late. When computing the charge, the month is deemed to have 30 days, the year 360 days.

(2) The late period begins on the day after the invoice amount is due and includes the day of payment.

(3) Late charges are not to be imposed if the charges due from a buyer in the course of 1 month do not exceed M5.

Article 9

Charges for Payment of Contract-Inappropriate Services

If the buyer has paid for the delivery of commodities or services that are not appropriate in terms of quality, or are incomplete, and so on, to which the provisions of the Contract law on quality-appropriate services apply, the amount of the charges to be paid by the seller as per Article 97 Paragraph 2 of the Contract Law is 5 percent per annum.

Article 10

Concluding Provisions

(1) This order takes effect on 1 January 1984.

(2) Losing effect at the same time are the Order of 12 June 1968 on the Maturity of Payment Claims Arising from Inter-enterprise Commodity-Money Relations--Maturity Order--(GB1 II No 64 p 426) and Order No 2 of 28 January 1982 on the Maturity of Payment Claims Arising from Inter-enterprise Commodity-Money Relations--Maturity Order No 2--(GB1 I No 6 p 136).

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CSO: 2300/140

GERMAN DEMOCRATIC REPUBLIC

LAW ENACTED ON CIVIL AIR TRAFFIC MANAGEMENT

East Berlin GESETZBLATT DER DEUTSCHEN DEMOKRATISCHEN REPUBLIK in German Part I
No 29, 2 Nov 83 pp 277-284

[Official text: "Law on Civil Air Traffic--Civil Air Traffic Law--of 27 October 1983," signed by Erich Honecker, chairman, GDR State Council]

[Text] Pursuant to the exercise of the sovereign rights of the GDR in the air space of its sovereign area, the People's Chamber of the GDR enacts the following law:

I - Principles and Range of Application

Article 1 - Exercise of Air Sovereignty

The air space over the entire land mass and the waters of the GDR is part of the GDR's area of sovereignty and is subject exclusively to the sovereignty of the GDR.

Article 2 - Use of Air Space

- (1) The air space of the GDR may be used by
 1. aircraft entered in the GDR aircraft register and admitted to aviation;
 2. other aircraft if admitted by means of an international law treaty or by special official permission.

- (2) The general order for the use of the air space by aircraft is set down by the minister for national defense in principal aviation rules. The minister for national defense may set down limits for the use of air space and block parts of the air space permanently or temporarily.

Article 3 - Range of Application of the Law

- (1) This law applies to aviation in the air space of the GDR.
- (2) This law applies to aircraft authorized for aviation in the GDR and their crews and cockpit personnel even outside of the sovereign area of the GDR, unless the legal regulations of the state in the sovereign area of which the aircraft is found rule otherwise.

(3) The GDR's civil and economic law regulations govern the contractual relations and the responsibilities of air traffic enterprises on damage claims.

(4) If international law treaties signed by or complied with by the GDR provide for different regulations, they are the ones that are applied.

(5) Aircraft personnel, aviation equipment, air safety ground installations, airports and the air operations of the NVA and the border troops of the GDR are governed by the regulations issued by the minister for national defense.

(6) Aircraft personnel, aviation equipment, airports and air operations by the other protective and security organs are governed by the regulations issued by the competent ministers in concurrence with the minister for national defense.

Article 4 - The Tasks of Civil Aviation

(1) Civil aviation has to

1. transport passengers, luggage, goods and mail by air safely and at proper quality (air transportation);
2. set up and keep operational airports and other airfields in accordance with public requirements (airport management); and
3. perform services by aircraft for the economy and other public requirements while aiming at maximum economic efficiency (aviation services).

(2) The minister for transportation is responsible for the official management of civil aviation unless other regulations are set down in this law or the Council of Ministers establishes other competencies.

II - Air Transportation

Article 5 - Range and Implementation of Air Transportation

(1) The air traffic enterprises of the GDR handle their transportation task by air transport through line traffic and on demand within the scope of legal regulations.

(2) Passengers as well as luggage and goods the transportation of which would endanger flight safety or is opposed by other reasons set down in legal regulations are barred from air transportation. The same applies to luggage and goods that lack the necessary previous authorization for shipment as of Article 42 Paragraph 2.

Article 6 - Air Transportation Within the GDR

Only air traffic enterprises of the GDR are entitled to air transportation among places in the GDR unless international law treaties determine differently or the ministry for transportation issues a special permit.

Article 7 - General Transportation Conditions

General transportation conditions for the GDR air traffic enterprises are set down by the minister for transportation in concurrence with the minister of justice as a law regulation.

Article 8 - Transportation Contract

- (1) Transportation proceeds on the basis of a transportation contract signed between the air traffic enterprise and the passenger or the sender of the air freight.
- (2) Unless other arrangements are made in writing, the transportation contract is in effect as soon as the ticket is handed over or the bill of lading is accepted by signature.

Article 9 - Special Contractual Obligations

Passengers and senders of air freight have to obey the legal regulations relative to air transportation by the states flown over or approached and the instructions from the air traffic enterprises, produce the written landing and takeoff, import and export documents, and submit themselves, and their baggage or air freight, to the requisite controls.

Article 10 - Airmail

The sending of mail comes under the legal regulations of post and telecommunications, the provisions of the world postal treaty and its conventions and the special agreements between the air traffic enterprises and the German Postal Service.

III - Aviation Services

Article 11 - Services Through Aircraft

- (1) Agrarian, crane and other industrial flights and picture-taking flights and flights in performance of other aviation services are undertaken by GDR air traffic enterprises.
- (2) The use of aircraft not entered in the GDR aircraft register for aviation services in the GDR must be authorized beforehand by the minister for transportation. That applies accordingly to using aircraft entered in the GDR aircraft register to perform aviation services outside the sovereignty area of the GDR.

Article 12 - Air Photography

Air photography from aircraft and its duplication, publication and other use must be authorized beforehand by the competent official organs.

Article 13 - Picture-Taking Flights

A GDR air traffic enterprise commissioned to carry out picture-taking flights and make, duplicate or publish air photos is entitled to procure the necessary authorizations for it from the competent official organs on behalf of its signor.

Article 14 - Aviation Services Contract

(1) By signing the contract on performing aviation services, the air traffic enterprise assumes the obligation to meet the services agreed upon proper as to schedules and quality.

(2) The consignor is under the obligation to undertake his participatory actions as needed for the orderly performance of aviation services, to accept the performance as to the contract and to pay for the services at proper prices as set down by contract.

Article 15 - General Terms for the Performance of Aviation Services

General terms for the performance of aviation services are issued as a legal regulation by the minister for transportation in concurrence with the heads of the competent official organs.

IV - Air Traffic Personnel

Article 16 - Definition

Air traffic personnel includes

1. Persons whose activities aboard are required to operate the aircraft during the flight and who need an official license for it (the crew);
2. persons charged with performing other tasks in the aircraft in flight and who need a license for it (cockpit personnel); and
3. persons who, other than the crew and the cockpit personnel, exercise an activity in air traffic directly related to flight operations and who need a license for it (other air traffic personnel).

Article 17 - Training

(1) Setting up facilities for the training and advanced training of civil aviation personnel is subject to authorization from the ministry for transportation.

(2) The scope and substance of training and advanced training are laid down by the ministry for transportation in training programs, unless other legal regulations establish a different competency.

Article 18 - Licensing and License Document

(1) The official permit for civil aviation personnel comes from the ministry for transportation.

(2) A license document is made out for the permission which shows the kind and scope of the activity to be engaged in and the validity range of it. A licensee has to carry the license document on his person while engaged in his activity.

(3) A license can be limited, withdrawn or revoked if the premises for granting it no longer exist. Then relevant entries are made in the document or it is withdrawn.

(4) The minister for transportation maintains an air traffic personnel register on all persons officially licensed for civil aviation. The minister for transportation orders the rules for how the registry is to be maintained.

Article 19 - Educational Measures for Air Traffic Personnel

(1) Educational measures can be taken against members of the air traffic personnel for violating discipline, order and safety in conjunction with their civil aviation activity which may lead to their being withdrawn from the air traffic personnel register. This does not affect the responsibilities of air traffic personnel subject to other legal regulations.

(2) The premises for imposing and shaping educational measures, with regard to the seriousness of the violation and the procedures to be used there, are handled by the minister for transportation.

Article 20 - License Documents of Other States

(1) License documents for aviation personnel made out or recognized by other states are valid in the GDR if they conform to internationally prescribed minimum terms.

(2) The recognition of license documents, issued to GDR citizens or recognized as valid by other states, may be denied by competent official organs of the GDR.

Article 21 - Delegating Licensing Permission

The minister for transportation can delegate air traffic enterprises or social organizations to issue official licenses for air traffic personnel. The provisions of Articles 18 and 19 apply accordingly.

Article 22 - Commandant

(1) The commandant is the pilot-in-command assigned by the aircraft operating agency and charged with exercising the power of command.

(2) When the commandant cannot function, the power of command, depending on the composition of the crew, goes to the first or second pilot.

Article 23 - The Flight Controller

(1) The flight controller is the responsible and authoritative official in charge of runway and flight operations in the airport and the air space assigned to him.

(2) For airports and the air space controlled by flight safety, the flight controller is assigned by the organ in charge of flight safety (flight safety service). For all other airfields the flight controller is assigned by the agency operating the airfield.

V. - Rights and Duties of an Aircraft Commandant in Ensuring Order and Safety

Article 24 - The Power of Command and the Right of Instruction

(1) The power of command embraces the decision-making authority for the whole preparation, execution and analysis of the flight and the right of instruction to other members of the crew, the cockpit personnel and the passengers. Crew members and cockpit personnel have to assist the commandant in exercising his power of command and inform him immediately about special occurrences.

(2) The commandant's right of instruction to other crew members and cockpit personnel begins with issuing the flight mission and ends with the termination of all the work prescribed after the return to the home port.

(3) The commandant's right of instruction to the passengers begins with the passengers' entering the aircraft and terminates after the landing, when all passengers have left the aircraft or, in an emergency landing, when the associates of the competent official organ arrive.

Article 25 - Order and Safety Aboard the Aircraft

(1) To ensure order and safety aboard the aircraft, the commandant is entitled and duty bound, when danger situations arise, to take all necessary measures to carry on the flight safely. The political interests of the GDR and the lives, health and property of the persons aboard are to be protected, and the interests of the agency operating the aircraft and of those who have a stake in the freight are to be represented. Decisions made have to be reported to the competent flight safety service.

(2) The commandant may delegate his authorizations, entire or in part, to other crew members and charge the crew and cockpit personnel also with tasks other than assigned to them by the aircraft operating agency.

(3) In emergency landings or accidents the commandant is entitled and duty bound to take measures to preserve the lives and health of the persons aboard and secure the aircraft and the goods aboard.

Article 26 - Security Measures Aboard an Aircraft

(1) When a criminal act aboard an aircraft is suspected, the commandant is obligated to order the necessary security measures to ensure the safety of the aircraft and the persons aboard.

(2) The commandant may, in the presence of two neutral persons, have a suspect searched and seize objects that appear suitable for carrying out a criminal act or may serve as evidence. The search is to be undertaken by persons of the same sex as the suspect. The commandant may place the suspect under detention if a suspicion of a criminal act aboard the aircraft exists.

(3) The commandant has to make a record of the measures taken, as of Paragraph 2, and forward it, together with a list of the objects confiscated, to the competent criminal investigation organ.

(4) If the commandant in exercising his authority runs into resistance or the measures he has ordered are ignored or are prevented from being carried out, physical action is admissible when no other means suffice to prevent a serious impairment of security.

(5) If the order and safety aboard the aircraft are imperiled or disturbed, the commandant has to take measures that effectively prevent danger and eliminate disturbances which threaten the lives and health of people and socialist and personal property or in any other way infringe order and safety. For that he may also use the measures referred to in Paragraphs 2 and 4 when no criminal act is suspected but the imperilment or disturbance cannot be eliminated in any other way. If then the commandant has confiscated objects that are apt to disturb order and safety aboard, without a criminal act being suspected, they are to be returned to the passenger after the termination of the flight.

VI. - Aeronautical Equipment

Article 27 - Definitions

(1) Aeronautical equipment in the terms of this law are aircraft, their technical equipment and accessories, to the extent that official licensing or testing is prescribed for them.

(2) An aircraft in the terms of this law is any device that gets its lifting capacity in air space from aerodynamics, its space for movement being principally the earth's atmosphere. That includes, in particular, power planes, rotorcraft, gliders, motorized gliders, airships, free and captive balloons, parachutes and hanging gliders suitable for the movement of persons.

Article 28 - Ownership, Manufacture, Sale and Use of Aircraft

(1) The manufacture and acquisition of civil aircraft require permission from the ministry for transportation beforehand. This does not affect the provisions on authorizing civil aircraft for aviation.

(2) The ownership, manufacture, sale and use of hanging gliders, devices to engage in water skiing and devices with an identical or similar mode of functioning are forbidden.

Article 29 - Licensing Aircraft Operations

(1) Civil aircraft may only be operated if licensed for aviation. Other aircraft may be licensed for aviation if necessary for their participation in border-crossing air traffic or for other reasons.

(2) Authorization is granted only if the terms set down in legal regulations were met and, in particular, the aircraft was certified as airworthy.

(3) An aircraft operating agency is one that gets licensed to operate the aircraft.

(4) Civil aircraft operating agencies may be state organs, state-owned combines and enterprises, science institutions and social organizations.

(5) A license is revoked and airworthiness is denied when the premises for granting them no longer exist.

Article 30 - Aircraft Register and National Ownership of Aircraft

(1) Civil aircraft authorized for aviation are entered in the aircraft register. The minister for transportation rules on the order in which the aircraft register is maintained.

(2) By being entered in the aircraft register, civil aircraft are identified as belonging to the GDR and receive the right to bear its insignia.

(3) Through being entered in the aircraft register, the entry and authorization document is granted through which the aircraft's nationality and entry markings are assigned. Such markings are to be attached to the aircraft permanently.

(4) The entry and license document, the airworthiness certification and other official documents (board papers) have to accompany every route flight.

VII. - Airfields

Article 31 - Definitions

(1) Airfields are land and water surfaces serving flight operations with the installations and facilities on them.

(2) Airfields are airports for public traffic.

Article 32 - Constructing and Operating Airfields

(1) Civil aviation airfields may be constructed and operated only through authorization from the ministry for transportation.

(2) When authorized for operation, an area must be determined the air space of which serves the airfield's flight operations (airfield zone).

(3) The ministry for transportation may issue quotas for airfield construction and operation.

(4) Changes in the authorization given for airfield construction and operation require confirmation from the ministry for transportation.

Article 33 - Registration and Publication

- (1) Airfields authorized for civil aviation are to be registered by the ministry for transportation.
- (2) The usability and the type of technical traffic facilities of the airports have to be brought to public knowledge.

Article 34 - Airfield Operating Agencies

- (1) Airfield operating agencies are those that were granted the license to operate the airfield.
- (2) Airfield operating agencies may be state organs, state-owned combines and enterprises, science institutions and social organizations.

Article 35 - General Duties of Airfield Operating Agencies

- (1) The airfield operating agency has to keep the airfield open for operations as authorized.
- (2) The operating agency has to make the proper arrangements to prevent disturbing effects from airfield operations on the environment to the extent that it is technically possible and economically acceptable.
- (3) Unless other regulations determine particular competencies, it is the minister for transportation who decides stopping the operations on an airport. Of the stopping of operations at a different airfield, the operating agency has to inform the ministry for transportation.
- (4) Competent official organs may limit the use of, or close down, an airfield.

Article 36 - Special Duties of an Airport Operating Agency

- (1) To ensure the safety of civil aviation from illegal acts, the airfield operating agency has to
 - set up and keep operational appropriate facilities for safety measures in the processing of passengers and the handling of luggage, air freight and mail,
 - see to it that airport installations and facilities restricted to the public are entered only by authorized persons, and
 - secure aircraft, motor vehicles and loading devices parked in the non-public part of the airport so that it will exclude the entry of unauthorized persons and the smuggling in of security endangering objects.
- (2) About the measures needed as to Paragraph 1, the airport operating agency had to prepare a security plan and coordinate it with the competent official organs.
- (3) The provisions of Paragraphs 1 and 2 apply to the operating agencies of other airfields accordingly.

Article 37 - Construction Constraints

- (1) When an airfield has been authorized for construction, to ensure the safety of flight movements, an area of up to 20 kilometers, measured from the airfield boundary, may be marked off for which constraints may be imposed for installing structures or plantations (off limit area for construction).
- (2) Within the off limit area, installations that might cause optical, acoustical or electromagnetic interference may be set up only with permission from the ministry for transportation. Such permission does not apply to installations that are under license or application requirement in conformity with the law on post and telecommunications and the legal provisions passed on that.
- (3) Within the off limits area, the competent local state organs, upon recommendation from the airfield operating agency, may pronounce constraints for establishing buildings and installations the utility of which would inevitably be diminished by flight operations.
- (4) Paragraphs 1 through 3 are applied appropriately to flight safety ground installations outside the airfields. Flight safety ground installations are buildings, facilities, equipment and installations and their real estate, used for purposes of flight safety.

VIII. - Flight Operations

Article 38 - Flight Safety

- (1) The flight safety service has to secure air traffic in the air space of the GDR and on the airfields through consultations, direction and controls and coordinate the flights of aircraft with the competent official organs. Taking care of these tasks is a state activity.
- (2) Instructions from the flight safety service have to be followed unless in cases of air emergency different actions are indispensable to ensure safety; flying into or over the sovereign territory of the GDR for reasons of an air emergency or for a rescue from an emergency at sea require permission from the flight safety service.

Article 39 -- Flight Radio Communication

For equipping aircraft and airfields with radio installations and exercising a flight radio service, along with the provisions in this law, the law on post and telecommunications and the legal regulations issued on it apply.

Article 40 - Takeoff and Landing Outside of Airfields

- (1) With the exception of emergency landings, an aircraft may take off and land outside of airfields only by previous authorization from the ministry for national defense.
- (2) Such authorization is not required for the landing of gliders and free balloons and in rescue and disaster operations.

(3) Title holders, owners and users of real estate are duty bound to tolerate landings and takeoffs on their real estate by aircraft to save human life, in cases of air emergency or for other unavoidable reasons. Damage incurred thereby has to be compensated for by the aircraft operations agency in line with legal regulations in force.

Article 41 - Noise

Interference by aircraft noise is to be reduced by means of appropriate technical and operational devices possible and economically feasible in accordance with the state of technology.

Article 42 - Cargo Constraints

(1) Dangerous goods may be shipped by aircraft only if they meet the terms set down in legal regulations.

(2) Weapons, ammunition, detonators and other explosive materials and radio equipment--unless they are part of the aircraft equipment--may be carried along in aircraft only when previously authorized by the competent official organs.

(3) In the passenger compartment of a civil aircraft no objects that through their shape or markings appear to be weapons, ammunition, detonators or other explosive materials, or atomizers which on account of their internal pressure or their kind of content could be suitable for dangerous assaults on persons, may be taken along.

Article 43 - Security Controls

(1) During processing in an airport or prior to entering an aircraft, passengers and their luggage have to undergo a security check.

(2) The security check aims at ascertaining objects and materials which when taken aboard could be used for criminal acts or which in some other way are apt to jeopardize the order and safety of persons and objects aboard and the aircraft.

(3) The security check is done through technical devices. Frisking the clad bodies of passengers by authorized persons of the same sex is permissible.

(4) Passengers found with objects or materials not permitted to be shipped may be barred from a flight.

Article 44 - Air Shows

(1) Public air shows and aircraft participation in other public events require previous permission. That permission may stipulate quotas.

(2) Prerequisites and the procedure for granting permission are determined by the minister for transportation in concurrence with the minister for national defense.

Article 45 - Sport Flying

(1) The development and practice of sport flying in the GDR is a responsibility of the Society for Sport and Technology in accordance with legal regulations.

(2) The Council of Ministers rules on the practice of sport flying by other social organizations.

Article 46 - Emergency Aid

An aircraft commandant receiving a stress signal from another aircraft or ship or who spots an aircraft or ship in trouble must immediately report it and give aid as possible without jeopardizing his aircraft and the persons aboard.

Article 47 - Aid for Accidents

(1) In air accidents and emergency landings the competent official organs have to provide all necessary aid to the persons aboard. The aircraft must be secured in such a way that until the organs charged with the investigation arrive the only measures taken are those needed to rescue people and preserve real values.

(2) The competent central and local official organs, on the basis of relevant legal regulations, carry out the alert, search and rescue in connection with an air accident or emergency landing.

Article 48 - Air Incidents

(1) An air incident in the sovereign area of the GDR has to be reported by the aircraft operating agency and flight controller in whose area of responsibility it occurred and by the pilot involved.

(2) The competent organs have to investigate air incidents and take the necessary measures to prevent a repetition of air incidents.

(3) The procedures in reporting, investigating and analyzing, and the tasks of the official investigating commission, are administered by the minister for transportation.

Article 49 - Overflight of National Border

(1) Aircraft need an official authorization to fly across the national border of the GDR. The authorization principles and procedures are laid down by the provisions of the 25 March 1982 law on the national border of the GDR -- border law -- (GBL Part I No 11 p 197) incumbent on the minister for transportation in concurrence with the minister for national defense.

(2) Aircraft of other states flying into the sovereign area of the GDR have to land, without making any intermediate stops, in the international airport assigned to them. Landings on other airfields must first be authorized by the ministry for national defense.

Article 50 - Meteorological Service

For meteorological matters, the Meteorological Service of the GDR has the complete responsibility in aviation.

Article 51 - Special Regulations

To the extent that specifics in air operations require it and the safety of air traffic is not jeopardized thereby, the minister for transportation in concurrence with the heads of the competent central official organs may issue special regulations with regard to the provisions of Articles 42 to 44 and 46 to 48.

IX. - Insurance

Article 52

(1) The aircraft and airfield operating agencies, for the duration of the aircraft or airfield licenses, are obligated to take out insurance for damage claims against aircraft or airfield operations within the framework of the terms for air traffic insurance as confirmed by competent official organs.

(2) Operating agencies of aircraft not entered in the aircraft register of the GDR but taking part in the air traffic in the GDR must upon request provide evidence that an insurance is in effect for damage in consequence of any extra-contractual liability or that compensation is assured in some other way.

X. - Rules on Penalties and Disciplinary Fines

Article 53 - Hijacking and Unlawful Seizure of Aircraft

(1) A penalty of between 3 and 10 years imprisonment faces someone who hijacks an aircraft or, aiming at hijacking it, through violence or threat of violence or any other form of intimidation or deception, takes over an aircraft.

(2) In heavy cases, the prison sentence ranges between 5 and 15 years. A heavy case is one when

1. through the hijacking or seizure of the aircraft a person was seriously hurt or negligently killed or the lives of several persons were endangered;
2. the hijacking or seizure of the aircraft causes breakdown or other serious consequences; or
3. the offender is the instigator.

(3) He who deliberately causes the death of a person is given a minimum prison sentence of 10 years or a life sentence.

(4) Preparation and attempt are criminal offenses.

Article 54 - Futile Instigation

Anyone inviting someone else to take part in a crime as to Article 53 or offering to take part in such, without the crime then being committed, faces a prison sentence up to 5 years.

Article 55 - Abetment

Anyone who, after a crime as to Article 53 was committed, lends assistance to the offender or an accomplice to save him from criminal prosecution or procure advantages from the crime for him faces a prison sentence up to 5 years.

Article 56 - Failure to Report

Anyone with credible knowledge of the project, preparation or execution of a crime as to Article 53 before it is terminated who does not report it at once faces a prison term up to 5 years or, in a crime as to Article 53 Paragraph 3, one between 2 and 10 years.

Article 57 - Violations of Air Traffic Regulations

(1) He who on purpose

1. manufactures, acquires or in some other way procures an aircraft without the requisite license as of Article 28 Paragraph 1;
2. operates an aircraft or has it operated or services it without the requisite license as of Articles 18 and 20 or uses it in civil aviation without the requisite license as of Article 29;
3. takes along in an aircraft objects as referred to in Article 42 without authorization from the competent official organs;
4. disregards as pilot the barriers and limits imposed on the use of air space as of Article 2 Paragraph 2; or
5. produces air photos, outside airline traffic and traffic on demand, or duplicates, publishes or uses them in some other way, without the requisite authorization as of Article 12

faces a prison term up to 2 years, a probationary sentence or a monetary fine.

(2) The attempt itself is a criminal offense.

Article 58 - Regulations on Disciplinary Fines

A reprimand or disciplinary fine up to M 500 may be imposed on any one who on purpose or negligently

1. uses or delivers for use in civil aviation products untested or unairworthy;
2. builds airfields without authorization;
3. fails to meet, or to meet in time, the quotas set by the competent official organs in connection with the use of tested and airworthy products in civil aviation or with the granting of authorization for building an airfield;
4. builds structures or other installations and facilities without authorization in off-limit areas in airfields and flight safety ground installations, puts plantings there or does not meet, or not on schedule, the quotas issued;
5. conducts public air shows without permission from the competent official organs or arranges for having aircraft take part in other public events without such permission or ingores the quotas in connection with the issue of permission;
6. as an aircraft pilot ignores assigned air routes and altitudes or instructions from the air controllers;
7. as an aircraft pilot, by feigning an emergency, induces the competent official organs to authorize entry into the GDR air space;

8. as an aircraft pilot lands outside of airfields without permission from the competent official organs or without there being any preconditions for an out-of-field landing requiring no permission;
9. fails to report, or to report in time, air incidents or reports them incompletely or incorrectly, through his attitude interferes with the investigation of air incidents or fails to carry out the necessary safety measures at the place of incident;
10. as a member of the air traffic personnel violates the duties that are part of his certification;
11. does work on aircraft equipment, flight safety ground installations or in airfields which is subject to licensing, without his having such a license, or has other persons do such work who also do not have such a license;
12. disobeys instructions from the commandant or other crew members aboard an aircraft or prevents the execution of such instructions or in some other way interferes with order and safety aboard;
13. unlawfully enters installations or facilities at an airfield that are off limits to the public or evades the prescribed security checks in airfields;
14. takes air photos aboard aircraft in airline and on demand traffic without the authorization required as of Article 12 or duplicates or publishes them or uses them in some other way; and
15. counteracts the provisions of Article 28 Paragraph 2.

(2) He who commits on purpose any act as listed under Paragraph 1 may receive a disciplinary fine up to M 1,000 if

1. flagrant disregard was shown for public interest;
2. state or public order and security were seriously affected; or
3. such an irregularity was repeated within 2 years and had received a disciplinary penalty.

(3) A pilot flying across the GDR border without the permission as of Article 49 Paragraph 1, negligently, may be subject of a disciplinary fine up to M 500.

(4) In the cases of Paragraphs 1 and 3, aircraft or other objects used or meant for committing the irregularity may, irrespective of property relations or rights of third parties, be confiscated along with the adjudication of a disciplinary measure or apart from such, without compensatory entitlement.

(5) Disciplinary fine investigations in cases of Paragraph 1 Figures 1 through 14 are the responsibility of the chief of the main civil aviation administration under the ministry for transportation, and those of Paragraph 1 Figure 15 and Paragraph 3, that of the chief of the main civil aviation administration and the chiefs of the German People's Police precincts.

(6) The implementation of disciplinary penal proceedings and the pronouncing of penalties in disciplinary cases come under the 12 January 1968 law on fighting against irregularities--OWG--(GBL Part I No 3 p 101).

XI. - Final Provisions

Article 59 - Dues

For administrative measures taken, in terms of this law, on behalf or on the inducement of persons involved, dues are in order as based on the legal regulations on official administrative fees: payments are to be reimbursed.

Article 60 - Implementing Provisions

The Council of Ministers, the minister for national defense and the minister for transportation issue the implementing regulations for this law.

Article 61 - The Taking Effect and the Rescinding of Legal Regulations

(1) This law goes into effect on 1 February 1984.

(2) Rescinded at the same time are:

1. The 31 July 1963 civil aviation law (GBL Part I No 9 p 113);
2. Figure 37 in the appendix of the 11 June 1968 law on adapting criminal to disciplinary fine provisions--adaptation law-- (GBL Part I No 22 p 242);
3. Article 11 Paragraph 4 in the 12 January 1968 introductory law to the Criminal Code and the Order of Criminal Procedure of the GDR (GBL Part I No 3 p 97);
4. the 12 July 1973 law on the criminal liability in the hijacking of aircraft (GBL Part I No 33 p 337);
5. the 4 July 1972 decree on the rights and duties of the commandant and the crew to ensure security aboard civil aircraft (GBL Part II No 47 p 339); and
6. the 25 August 1980 order on aeronautical equipment (GBL Part I No 27 p 273).

5885

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GERMAN DEMOCRATIC REPUBLIC

HOUSING MODERNIZATION WITH TECHNOLOGICAL LINES

East Berlin BAUZEITUNG in German vol. 37 No 10, Oct 83 pp 506-507

[Article by Rolf Heinze, graduate engineer, VEB Construction Combine, Berlin-Koepenick: "Principles of Investment Project Preparation for the Maintenance and Modernization of Residential Buildings"]

[Excerpt] At least 340,000 apartments are to be modernized and nearly 1.5 million apartments are to be reconditioned by 1985 in our republic.

The VEB Construction Combine, Berlin-Koepenick, functions as the leading enterprise of the Building Repairs and Modernization Product-Group Association in its district for the capital city of the GDR.

Simultaneously, responsibility for products and procedures in connection with planning and standardizing the modernization and maintenance work within that product-group association has been turned over to the VEB Construction Combine, Berlin-Koepenick.

Since the VEB Construction Combine, Berlin-Koepenick, provides the chairman of the central Planning and Standardization Working Committee, that enterprise has the task of continually providing information on its experiences and new knowledge to the leading employees of the planning departments of the other leading enterprises of districts. Cooperation with the Construction Academy of the GDR, the Institute for Residential and Social Construction and the Institute for Planning and Standardization also takes place through this body of professionals, together with the Planning Committee of Experts of the Chamber of Technology.

Experiences in Planning and Implementation

Taking the VEB Construction Combine, Berlin-Koepenick, as an example and starting with special experience that has been gained in planning, reporting on the maintenance and modernization measures applied to apartments in old buildings is to be provided.

To reduce expenditures and recondition or modernize as many apartments in old buildings as possible in accordance with the motto "dry, safe and warm" with the capabilities available, the greatest amount of attention is being

devoted to functional-area modernization of the kitchen-bath-toilet area in inhabited buildings.

By the phrase "functional-area modernization of the kitchen-bath-toilet area" we mean concentrating construction efforts on that area and, while limiting floor-plan changes to non-weight-bearing structural elements, achieving a perceptible improvement in the sanitary and electrotechnical facilities of the apartments in old buildings by that means. These apartments all receive a bath or a shower, a toilet inside the apartment, the installation of a new electrical system and qualitative improvements that make the kitchen more usable.

Within the framework of this modernization work, maintenance work will also be carried out on the exteriors and the roofs. The modernization of apartments will be carried out almost exclusively with people living in them.

Construction work in inhabited buildings naturally causes problems that call for a lot of understanding both on the part of the enterprise performing the work and of the tenants who are affected. Just for that reason, heed should be given to the basic principle that construction work should be reduced to a justifiable minimum and that the amount of time spent in construction work (that is, the amount of time the tenants are under stress) should be kept as short as possible. It is in the interest of all concerned to keep the restriction of the usability of apartments as slight as possible and to economize on time and expense in carrying out the construction work. It is important for the parties concerned, the construction enterprises and the tenants, to have an agreement carefully drawn up ahead of time. A peculiarity of maintenance and modernization work in inhabited buildings is the fact that the tasks to be accomplished must be prepared and carried out jointly, in extremely close cooperation. In that connection, providing tenants with advance information is especially important. The tasks to be carried out require concrete observance of the order of priorities and sequence prescribed in accordance with the central orientation provided by the housing associations, the district council and the council of the urban district, the Building Management Organization and the Communal Housing Administration as principal client and the construction enterprise that is performing the work and its collateral contractor. The best results have been obtained when all the responsibilities of those involved were clearly marked off. The VEB Construction Combine, Berlin-Koepenick, was one of the first building-repair enterprises to begin the modernization of inhabited buildings successfully two years ago.

The Introduction of Technological Lines

As a rule, the incidence of maintenance and modernization needs in old residential buildings is very high, so that the systematic, effective use of the capabilities of the construction enterprises in the form of technological lines is indispensable. According to the "Plan for a Development of the Performance and Effectiveness of the Building Industry under the Direction of the Districts during the Period from 1981 to 1985," the technological level is to be improved by a broader application of technological lines in

maintenance and modernization. Thus, the VEB Construction Combine, Berlin-Koepenick, applies the three technological lines of roof, exterior and kitchen-bath-toilet as its chief technological principle.

If the roofs with the chimney cappings are repaired, an additional technological line can begin. The roof work naturally has a certain priority before a beginning can be made on the modernization work in the apartments. When the roof is finished, a beginning is made on the functional-area modernization of the kitchen-bath-toilet area in the apartments and the maintenance and modernization in general are concluded with the technological line of the exterior of the building if the specific product line of building drainage work does not have to be carried out. The technological line of the exterior of the building can even begin before the modernization work in the apartment is completed if the roof, the windows and the balcony are in order.

Before the technological line of the kitchen-bath-toilet begins, the stoves and windows of the entire apartment, as components of them, as repaired or replaced.

In carrying out this process, the maintenance and modernization measures that are taken are determined by the following considerations:

- to modernize what is worth modernizing,
- to retain what is worth retaining and
- to replace what has become unusable.

The times when windows, doors and stairway banisters were generally renovated are past. Instead, they are repaired and parts are added to the existing structural components.

The installing of electrical systems is carried out after the installation of sanitary facilities is completed. Painting is frequently done as an economic mass initiative service. Working in accordance with technological lines is still relatively new and its success depends upon the providing of synchronized, binding lists of the buildings to be subjected to the process ahead of time by the local assemblies. Sometimes the use of technological production lines still requires that persuasion be employed to convince all those involved that this new way of organizing and working is a good one. Furthermore, the economic values and technological parameters of the technological lines must be a component part of the planning, projection work and calculation and they must become plannable performance units.

As a result of working according to technological lines--in kitchen-bath-toilet functional-area modernization, for instance--usable units become available to the citizens more quickly.

Up to now, in the internal product line, the residential units ready for use that were in the hands of the supply line were turned over to occupants very slowly and the paper work took a lot of time. The individuals who wanted to occupy them often had to wait until the last stroke of a paintbrush had been made.

Now it can be concluded that the organizing of the work in accordance with technological lines brings important advantages. The Department of Technological Preparation can always count on the same workers and the same number of workers and technical equipment and scaffolding material remain constant, so that there are transportation and fuel savings. The VEB Construction Combine, Berlin-Koepenick, has progressed so far in its preparatory work that in four technological lines the kitchen, bath and toilet can be reconditioned more effectively and both roofs and the exteriors of buildings can be reconditioned more effectively in two technological lines.

However, it must be stated unequivocally once again that, when the lists of buildings to be subjected to the process are being worked out by the principals the use of technological lines is to be considered, so that the lists of buildings will necessarily display a high degree of accuracy and stability and an operational reorganization process--even on the construction sites--will not take place.

Consequently, it has been established as policy in the VEB Construction Combine, Berlin-Koepenick, that the Department of Job Preparation will be involved in, or will be consulted in regard to, working out the lists of buildings.

9258

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GERMAN DEMOCRATIC REPUBLIC

SERIOUS CONCERN EXPRESSED ABOUT FOREST ECOLOGY

Ore Mountains Becoming Tundra

Hamburg DER SPIEGEL in German No 48, 28 Nov 83 pp 152-153

[Unsigned article]

[Text] Media Mostly Treat Environmental Pollution Only Marginally--Karl-Marx-Stadt Bezirk Affected Particularly

IWE Berlin, 7 October 83--The uneasiness felt in the GDR about environmental pollution, which the media treat only in passing if they deal with it at all, is spreading among the GDR population. Thus, a reader of the SAECHSISCHE NEUESTE NACHRICHTEN has recently called for a public discussion concerning the environment. It is necessary, he wrote to the editorial staff, quite decisively to restrict the causes of forest death and of environmental pollution per se. It is necessary, he said, to "speak publicly" on the subject of how and when the causes are to be removed and of what concrete steps have been taken in this respect so far. He said that this is a prerequisite for mobilizing the public's cooperation. The newspaper referred this and other readers' questions on the subject of environmental pollution to Werner Reimann (NDPD--National Democratic Party of Germany), who is a member of the Karl-Marx-Stadt Bezirk council for environmental protection. He replied that there had "already been various published items on this subject" and among others mentioned an interview with the minister for environmental affairs on 5 February 1982 and the well-known politburo decision on forest protection.

The state functionary spoke in detail about the situation in Karl-Marx Stadt Bezirk. In response to the question of what is being done to alleviate the overloading of flowing waters with industrial, communal and agricultural effluent and the results of not fully effective filtering installations he said that the pertinent work was aimed particularly at improving the water supply of the Zwickauer Mulde [Zwickau Basin], the Weisse Elster, the Chemnitz river, the Freiburger Mulde [Freiberg Basin] and the Pleisse. Several new filter stations were being constructed. Not inconsiderable construction funds were necessary for these million-mark projects. The Chemnitz river, which flows through Karl-Marx-Stadt and after which the city was once named, is to be restored to a condition which would make it possible once more to use its water for industry. For this purpose, the

first phase of a new and up-to-date filter installation for the city bezirk had recently been put into operation.

Considerable efforts are also being made to bring about a reduction of air pollution, which is particularly strong in Karl-Marx-Stadt Bezirk and which has heavily affected the forests in the Erzgebirge [Ore Mountains] and in the Vogtland area. According to statements made by the Bezirk council member, it has been possible to "roll back" the dust emissions in the Bezirk through installation of filter equipment. The proportion in the air of sulfur dioxide, which is primarily responsible for the dying of the forests, he said, "has not increased any further." Through increased fume desulfurization and the preferred use of low-sulfur coal in Karl-Marx-Stadt Bezirk (in accordance with the council of ministers' decision), air pollution caused by sulfur dioxide is to be reduced. At the same time, the damaged wooded areas on the ridges of the Erzgebirge and in the Vogtland are to be replaced with woods with a high resistance against smoke.

Citizens Demand Ecology Discussions

Bonn IWE TAGESDIENST in German 7 Oct 83 pp 1-2

[Unsigned article]

[Text] The dead forests of the Erzgebirge [Ore Mountains] are a danger signal. In the CSSR and GDR areas polluted by sulfurous gasses the ecological system has been thrown back some 10,000 years.

Wasteland reaching as far back as to the horizon, here and there still the skeleton of a dead pine devoid of any bark standing between rampant, rankly growing bristly grass and sorrel. Bald mountain peaks, denuded valleys in which no animals live any more and the houses which are delapidated: These are the Erzgebirge, the backdrop for an ecological holocaust.

The formerly dense forests along today's border between the FRG, and GDR and the CSSR, extolled in folksongs and made famous in legends, have degenerated to become a macabre attestation of ecological policy helplessness: man destroys the land on which he lives.

Experts have long ago made the following calculation: The situation existing in this 3-country triangle today will soon, probably in 10 years, and possibly only in 20 years be duplicated in almost all medium-altitude mountain ranges in central Europe. For the causes and consequences of this civilization-endangering mass murder of nature do not stop at state borders nor at political systems, and neither capitalism nor socialism has any effective concepts for stopping this execution of nature.

The early demise of the Erzgebirge is not a consequence of climate or vegetation changes, but it is the result of particularly unfavorable joint effects of international industrial harmful substances.

The main culprit in this case is the lignite area in the Eger valley situated along the southern border where, in a situation of growing capacity since the end of the war, approximately 80 percent of the CSSR requirements are worked and burned in central heating power plants or used in hydrogenation installations of the petrochemical industry.

This low-quality brown coal has a sulfur content of up to 20 percent. The result of this is that 1 million tons of sulfur dioxide (almost as much as in the entire Ruhr area) are being emitted annually from the chimneys in the form of unfiltered fumes.

According to the most recent calculations, approximately half the emission-caused damage in the Erzgebirge mountains is caused by the state-owned CSSR industry and one third by the northerly situated GDR industry. The remainder is to be blamed on the west, particularly the coal-operated power works in Bavaria situated near the border, which likewise have not as yet changed over to up-to-date filtering installations.

Approximately 175,000 hectares of forest have died in the Erzgebirge in a period of only 15 years. This is more than the area of the rural district of Passau or Leuchow-Dannenberg. Sixty thousand hectares of it already are completely deforested. But this dying of the forests continues day by day. It is hardly still possible to save the forests around Oberwiesenthal in the north (GDR) and the Fichtelgebirge mountain range in the west (FRG), and the forests of the Isergebirge and Riesengebirge mountain areas are dangerously afflicted.

Attempts at reforestation with less vulnerable trees in the Erzgebirge have failed. CSSR experts have found that at these altitudes the ecological structure is already undergoing a change. The forest is now being replaced by the flora of a nutrient-poor and acidified tundra landscape. In the history of the development of the ecological system, this is tantamount to a 10,000-year reversion.

8272

CSO: 2300/152

KITCHEN REFUSE SUPPLEMENTS LOW FODDER RESERVES

East Berlin PRESSE-INFORMATIONEN in German No 131, 10 Nov 83 p 5

[Article by Dr H. Oder, deputy chairman, District Council of Schwerin:
"Kitchen Scraps--Significant Part of Available Feed"]

[Text] Twice a week the colleagues of the VEB [state-owned] Schwerin municipal economic enterprise and the feed drivers of the Krebsfoerder hog-raising VEB as well as the Leezen LPG [Agricultural Production Cooperation] empty the kitchen refuse containers in the housing areas of this Bezirk city. The vehicles are coming more frequently to large-scale kitchens and other social eating installations, depending on the quantity of food refuse available. Strict attention is being paid to regular service.

This type of organization for collecting kitchen refuse has been in existence for about a year. The results show how successful it is: In 1981, approximately 3,150 tons of such feed material were collected in Schwerin, and in 1982 almost 4,800 tons were collected. For 1983, a total of 5,940 tons are planned, which corresponds to about 10 percent of the yield in the entire Bezirk.

In November 1982 the municipal council had passed a resolution which created the prerequisites necessary for a concentrated collection of kitchen refuse and for the opening up of reserves. This contributed substantially to a strengthening of the fodder basis in the agricultural enterprises. One of the most important stipulations of this resolution is the setting up of the "fodder reserves" activist group in the municipal council. Under the supervision of the city's local supply economy council, representatives of all enterprises and installations participating in the collection and utilization of collectible fodder, of the foodstuffs industry, trade, the municipal industries VEB, the LPG's and VEG's [people-owned landed estates] as well as of housing collectives are working together in this group. The work of this activist group is evaluated continually in the city council, which makes it possible to react quickly to organizational shortcomings and other problems.

In direct discussions with the citizens, in which representatives of the National Front committees frequently do good work, at resident meetings, as well as by means of articles in the local press continual use is being made of the opportunity for explaining the importance of kitchen refuse for

the feeding of animal stocks, for describing its nutritional value and for reporting about good collection results.

The Kreis committee of the National Front is solidly involved in this work with the public. This contributes to activating the collection of kitchen refuse also by way of the housing district committees. Thus a considerable number of housing district committees have recruited individuals who were assigned the task of controlling the collection of kitchen refuse on each street and, in some cases, even at each house. In this way effective support is provided for the competition organized by the city council by way of the "Fodder Reserves" activist group. It is particularly in October that numerous individuals, housing cooperatives, housing districts and social institutions will be given prizes for outstanding collection results.

In spite of these good results, however, there still continue to exist reserves in the sphere of kitchen refuse collection. They exist, for instance in the form of the still-inadequate availability of containers, and we are making efforts to remedy this. There still exist reserves also with respect to a complete collection of kitchen refuse. It is particularly in the fringe areas of the city that it is still not being collected fully. Unfortunately we find that not all citizens really recognize the value of these feed materials and that they are throwing their kitchen refuse into garbage containers, although refuse containers are available for their use. To be sure, interruptions in the removal of the latter are liable to reinforce such attitudes. Those responsible for handling such situations have recognized them and are making efforts to make headway more rapidly through good organization and convincing mass work.

In order to overcome quickly the differences existing in Schwerin between the various housing areas and in the entire Bezirk between the Kreise, towns and communities, we regularly evaluate the results achieved in the Bezirk city along with other good experiences in the Bezirk council and in the councils of the Kreise and towns. Proven guidance methods, good organization and effective work with the public are thus made utilizable for all.

8272

CSO: 2300/155

PARTY PROGRAM FOR INCREASING LABOR PRODUCTIVITY, PERFECTING NORMS

Bucharest SCINTEIA in Romanian 29 Nov 83 pp 3-4

Program Regarding the More Marked Growth of Labor Productivity and the Improvement of Labor Organization and Norm-Setting in the 1983-1985 Period and Up to 1990; passages enclosed in slantlines printed in boldface/

Text/ In the years of socialist construction, Romania has experienced strong economic and social development and has been transformed into an industrial-agrarian country with strong and modern industry and advanced socialist agriculture. On the basis of the development of the production forces, national income has risen, there being provided the conditions needed for further developing the economy and increasing the material and spiritual well-being of the whole populace, the supreme goal of the party's policy, the essence of the multilaterally developed socialist society that we are building in Romania.

Along with the profound changes that have occurred in the development of the production forces and in the modernization of the material base of the economy, especially in the stage inaugurated by the Ninth Congress of the Romanian Communist Party, the system of production relations has been improved, the organization and management of society have been improved and workplaces have been provided for the entire population fit for work.

The economic and social development of the country at a steady rate in this period is directly connected with the vast theoretical and practical activity performed by Comrade Nicolae Ceausescu, the secretary general of the party and the chairman of socialist Romania, who has devised an original strategy of economic construction, establishing at the same time the concrete ways of action for achieving the multilaterally developed socialist society in Romania, for creating a modern economy, characterized by high economic and social vitality. At the same time, the system of working-class democracy has been expanded, the direct participation of the masses in managing the economy and social life has been provided, and the responsibility of each staff of working people, the general assemblies, the working people's councils and the management councils in establishing and carrying out the plan and sensibly and efficiently administering the assets entrusted by society has grown.

The successes obtained are the direct result of the whole populace's labor and the unswerving trust with which the working people follow the party's policy of

forging the multilaterally developed socialist society in Romania. Within the entire development of our society, in the current stage, the problems of growth in material production and labor productivity and of reduction in production costs, the raising of the degree of utilization of raw materials, supplies, fuel and energy, and the raising of the efficiency in all fields of activity are decisive aspects for carrying out the party's program for forging the multilaterally developed socialist society and advancing Romania toward communism.

The results obtained, especially in the last 18 years, point out the correctness of the party's policy of faster growth in social labor productivity, as a priority resource for developing and modernizing the whole economy. In the 1965-1980 period, the social labor productivity rose at an average annual rate of 8.5 percent; in the same period, the labor productivity in industry and in construction-assembly rose about 2.7-fold.

The steady rates of growth of labor productivity have had as a basis a vast investment program devoted to developing and modernizing the technical-material base. The volume of productive fixed assets in the economy, in comparison with 1965, reached 2.8-fold in 1975 and 4.5-fold in 1980, with the technical equipping of labor being 2.4 times higher in this period; of the total fixed assets existing at the end of the 5-year period, 60 percent have an age of less than 10 years.

In order to carry out the decisions of the national party conference referring to the importance of more marked growth in labor productivity within the set of measures for developing the economy, it is necessary to draw up a far-reaching program by means of which the established objective of doubling the labor productivity in a few years may be secured and, as a result, to attain in a short time the productivity levels that are achieved in the developed countries in Europe.

This objective, as Comrade Nicolae Ceausescu, the secretary general of the party, stated, can be attained through the continual modernization of the manufacturing technologies, the mechanization and automation of the production processes and the introduction of modern management methods, the as full use as possible of the production capacities and the work force, and the improvement of the technical assistance on all work shifts, providing a strict correlation between the technical level of equipping and the efficiency index achieved.

In the target for more marked growth in labor productivity, it is also necessary to take into account the additional resources that are created through the intensifying of the actions in the field of scientific research and technological development, resulting from the programs for scientific research, technological development, and introduction of technical progress and the mechanization and automation of the production processes, worked out under the guidance of Comrade Acad Dr Engr Elena Ceausescu by the National Council for Science and Technology, together with the ministries and other central bodies, with the wide participation of the industrial centrals and the specialists in the enterprises and in the research and design units.

In the activity that will be performed in all economic units to more markedly increase labor productivity, it is necessary to act with greater firmness so

that each working person may participate in an organized manner and with complete responsibility in this action and so that the spirit of order and discipline may be strengthened, in such a way that the whole staff of the respective crew, sector or section may act to completely fulfill the plan targets under conditions of higher quality and to eliminate the shortcomings that still exist.

I. On the Basis of the Decisions of the National Conference of the Romanian Communist Party in December 1982 and the Orientations and Instructions of Comrade Nicolae Ceausescu, Secretary General of the Party, in the Program for More Marked Growth in Labor Productivity the Following Main Objectives Are Set:

1. /In 1990, in national industry, the achievement of a labor productivity 2 times higher than that in 1980/, as compared with the 1.9 times stipulated in the directives of the 12th party congress.

The more marked growth of labor productivity in national industry, provided in the program, will be achieved in stages, as follows:

a) /In the 1983-1985 period/, the rates of growth of labor productivity will be intensified, so that an increase of 41 percent in comparison with 1980, higher than the increase provided in the 5-year plan, may be achieved in 1985; in the processing industry, the labor productivity will rise 45.4 percent in comparison with 1980. In this period of time, action will be taken to widely promote technical progress, through the priority development of the industrial branches that provide a higher degree of processing and utilization of material resources, the introduction of new technologies and the modernization of existing ones, the raising of the degree of mechanization and automation of the production processes, the introduction of new products, with low consumptions of manual labor and high technical performances, into manufacture, the raising of the technical and qualitative level of production, the improvement of the organization of production and labor, and the raising of the professional training of all worker personnel.

b) /In the 1986-1987 period/, through the generalization of the measures for technical progress and for organization of production and labor in 1983-1985, the labor productivity in industry will be 1.7 times higher than that achieved in 1980; in the processing industry, the labor productivity will be 1.75 times higher than that achieved in 1980. To this end, it is intended that the process of mechanizing the heavy and labor-intensive operations, of introducing modern manufacturing technologies into the specialized units and of modernizing the machines, equipment and installations will be expanded by 1987.

c) /In the 1988-1990 period/, through a group of measures for improving the technological flows and optimally organizing the workplaces, machines, equipment and installations, the labor productivity in industry will have to reach about 680,000 lei per person in 1990 and will represent a more than 2-fold increase in comparison with 1980. In the processing industry, the labor productivity will be over 700,000 lei per person. As a result of the targets provided in the program, the labor productivity in industry will be at the level that is achieved in the developed countries in Europe, thus providing for the attainment of the objective set by the 12th party congress and the national conference in December 1982.

d) The provisions of the program up to 1985 and 1990 must be considered minimums. Each year, it will be necessary to act to find new ways and possibilities of improving the activity of stronger and stronger growth in labor productivity, so that the final objective of catching and passing some developed countries may be attained before 1990.

2. /The physical labor productivity/ will rise continually due to the reduction, under conditions of maximum efficiency, in the consumption of manual labor for making all products. To this end, physical productivities for products or groups of products, expressed by rates of labor consumption per product, and production quotas for machines, equipment and installations will be established by means of the plan.

3. /The stipulated growth in labor productivity/ will be substantiated on the basis of programs of measures drawn up according to ministries and, at the level of the counties, by means of programs for the whole county. In these programs, concrete measures, in which a special accent will be put on the expansion and generalization of mechanization, the automation of production, the improvement of the manufacturing technologies, the provision of highly productive machines, equipment and installations and the modernization of existing ones, will be established for each stage; action will be taken to completely fulfill the targets contained in the scientific-research and technological-development plans and in the programs for quality in production and for assimilation of new and modernized products. In each enterprise, special attention will be devoted to achieving means of mechanization through self-equipping for the activities of plant transportation, handling and storage of raw materials, supplies and fuel.

Concrete measures will be provided in the field of improving the organization of management, production and labor, the improvement of labor norms, and the continual raising of the professional training of all worker personnel.

Action will be taken regarding strict observance of the principle of faster growth in labor productivity than in the average pay of the worker personnel, as an objective requirement in carrying out the process of generally developing the national economy, for continually increasing the well-being of the working people.

4. /The provision of machines and equipment to the enterprises/ will be done according to the way in which the index of use of the existing machines is achieved; the provision of new ones will be done only on the basis of securing the use of the existing means and capacities to the utmost. The economic effects referring to output, quality, consumption of manual labor and consumptions of raw materials, supplies, fuel and energy will be established for each new machine or piece of equipment. The manner of use of the fixed assets, the output and the profits achieved per 1,000 lei of fixed assets will continually be followed in each enterprise.

5. Action will be taken to /raise the level of qualification and/ technical and scientific /professional training/ of all worker personnel, in direct correlation with the degree of equipping of our industry, the exigencies imposed

by the scientific and technical revolution and the quality requirements in all economic activity.

The retraining of all worker personnel, through all forms of retraining and improvement provided by law, will be concluded by 1985. In the 1986-1987 period, a new stage of improvement in professional training will be carried out, with the accent being put on the acquisition of the knowledge needed for running the modern machines, equipment and installations in the possession of the units, direct participation in improving the manufacturing technologies, and the assimilation and application of the measures for rational organization of production and labor. After 1987, on the basis of the qualitatively higher targets provided in the program, all worker personnel, within the retraining programs, will acquire theoretical and practical knowledge corresponding to the handling of the means on hand.

6. /The attainment of the targets for more marked growth in labor productivity and the substantial reduction of production expenses/ by all economic units will constitute the main ways to increase national income and to raise in the future the pay for all worker personnel.

In order to fulfill the provisions in the program, measures will be proposed for providing a better organizational framework, which would systematically pursue the problems connected with improving the setting of labor norms and the way in which the growth of labor productivity to the stipulated levels is attained.

/The attainment of the targets for growth in labor productivity set by the 12th Congress and the National Congress of the Romanian Communist Party in December 1982/ must always be in the attention of the party bodies and organizations in the economic units; they must concern themselves with providing the best conditions for carrying out production, must be in the center of the production activity and must thoroughly master all the factors of the economic mechanism, with a view to involving the staffs of working people in solving the problems with regard to fulfilling the plan and raising the efficiency of all economic and social activity.

II. The Targets for Growth in Labor Productivity According to the Main Branches of the Economy

1. /In national industry/, in 1985 and in the 1986-1990 period, the labor productivity will have the following evolution:

Year	Growth in % of 1980	
	<u>In the Processing Industry</u>	<u>In National Industry as a Whole</u>
1985	145.4	141.0
1987	175.0	168.0
1990	225.0	213.1

According to the main ministries, /the labor productivity in the processing industry/ will rise as follows:

Ministry	1985/1980 (%)	1987/1980 (%)	1990/1980 (%)
Ministry of the Metallurgical Industry	152.6	184.0	234.0
Ministry of the Machine Building Industry	156.8	192.0	248.0
Ministry of the Machine Tool, Electrical Engineering and Electronics Industry	150.0	188.0	230.0
Ministry of the Chemical Industry	147.2	184.0	234.0
Ministry of Wood Industrialization and Construction Materials	134.4	157.0	236.0
Ministry of Light Industry	132.5	163.0	209.0
Ministry of Agriculture and the Food Industry	146.9	175.0	225.0

In the ministries in the extractive and power industries, taking into account the significant changes that occur in the structure of the coal and ore deposits, in the output of the oil and gas wells and in the growth of the percentage of solid-fuel electric-power stations with low installed powers, action will be taken, in particular, to more markedly raise the labor productivities for each product.

2. /In construction-assembly/, the labor productivity in 1985 will be 45.2 percent higher than in 1980; in the 1986-1990 period, the rate of growth of labor productivity will be intensified greatly, so that the labor productivity will be 1.75 times higher in 1987 than in 1980 and 2.0 times higher in 1990 than in 1980.

3. /In the state agricultural enterprises/, the labor productivity in 1985 will be 63.1 percent higher than in 1980. On the basis of the measures provided, the labor productivity will be 1.7 times higher in 1987 than in 1980 and 2.2 times higher in 1990 than in 1980.

4. /In railroad and automotive transportation/, the labor productivity calculated on the basis of the gross incomes that are obtained from the transportation activity performed for the cooperative and state socialist organizations and for the population will rise in this period as follows:

Type of Transportation	1985/1980 (%)	1987/1980 (%)	1990/1980 (%)
Automotive transportation	125.0	150.0	170.0
Railroad transportation	115.5	130.0	150.0

In railroad transportation, it is intended that the growth in the volume of transportation will be achieved wholly through growth in labor productivity. In automotive transportation, as a result of the measures established for reducing the fleet of machines, the volume of transportation will be achieved with a smaller number of personnel, securing rational utilization of them and a corresponding rise in physical labor productivity.

5. In order to secure the stipulated increases in labor productivity in industry, /physical productivities expressed by the consumption of manual labor for a product or groups of products/ have been set in the program, so that, in

1985, about 87 percent and, beginning in 1987, all of the planned commodity output will be substantiated on the basis of physical productivities.

In addition, physical productivities have been set in construction-assembly, according to categories of work, in railroad and automotive transportation, and in state agriculture for the main agricultural products (wheat, rye, corn, meat, milk and so on).

III. Ways and Factors of Growth in Labor Productivity

The stipulated growth in labor productivity will be obtained on the basis of special programs drawn up according to enterprises, centrals and each ministry, in which concrete measures are established for action regarding the introduction and expansion of technical progress, the improvement of the organization of production and labor, and the raising of the level of qualification of the personnel. The proportion in which the growth in labor productivity will be secured according to each of the above-mentioned factors is the following:

<u>Factors</u>	<u>1985/1980</u> <u>(% of total)</u>	<u>1987/1985</u> <u>(% of total)</u>	<u>1990/1985</u> <u>(% of total)</u>
Total,	100.0	100.0	100.0
including through:			
The introduction and generalization of technical progress	52.0	53.5	55.0
The improvement of the organization of production and labor, the raising of qualifications and the improvement of professional training	48.0	46.5	45.0

A. The Measures for Introduction and Expansion of Technical Progress

1. /The introduction of complex automatic machines and lines/. The more marked growth of labor productivity in the 1984-1990 period has as a basis the introduction of complex automatic machines and lines.

The introduction of the means of automation, including manipulators, microprocessors and industrial robots, will be done on the basis of thorough technical and economic analyses, by means of which high economic efficiency will be provided, in accordance with the targets for growth in labor productivity and product quality and for reduction of the consumption of raw materials and supplies. To this end, the program's provisions, both for domestic needs and for exportation, will be updated annually and included in the sole national plans for economic and social development.

/Action will be taken to speed up the introduction and expansion of the automation of the production processes/ in foundries, forges and heat treatments, in metallurgy, chemistry, machine tools, technological equipment, machines and equipment for construction, means and systems of transportation, and light industry, and in other branches of industry and the economy; there will be a shift toward introducing into manufacture the products with high technical

performances, competitive on a world level, that would provide an increase in the efficiency of exportation and a rise in labor productivity in all sectors of activity.

Firm measures for attaining the technical, qualitative and economic parameters approved in the technical documentation, at all the existing production capacities and at the ones that will be put into operation up to 1985, will be provided in all industrial units.

Firm measures for applying new and modernized technologies, machines, installations and equipment, with performances at a high world level, and introducing automatic lines into the basic operations of the production processes are being provided in all branches of industry.

/In the 1986-1990 period/, the processes of technical and technological modernization will be accentuated; practically all the technologies will be at a high world level; the achievement and introduction of industrial robots under conditions of economic efficiency at the workplaces with difficult working conditions and a high degree of risk, in which operations of welding, dyecasting, galvanization, painting and so on are performed, will be pursued.

In the metallurgical industry, the degree of automation of the ferrous metallurgical processes will rise due to modern means of management with high efficiency; the production lines will be equipped with installations and means of active control of the products, in all phases of manufacturing, so as to provide automatic regulation of the technological parameters.

In the machine-building industry, the measures have in view: the promotion of new and modernized technologies; the provision of high-performance machines and equipment with high powers and capacities; the growth of the percentage of machines, equipment and installations based on a unitary constructive and functional conception; the manufacture of automatic machine tools with numerical controls, specialized machine tools with a high degree of automation, and complete automatic lines for processing, assembly and casting, which will provide for the growth of the competitiveness of the products, the modernization of the manufacturing technologies, and the substantial growth of labor productivity in this basic branch of industry.

In the chemical, light, wood-processing and construction-materials industries, a special accent will be put on the production of machines and equipment with high technical parameters, which will provide for the higher processing of raw materials, the substantial growth of labor productivity and the marked reduction of the consumption of fuel and electric power.

2. /Within the measures for technical progress established at the level of the ministries/, centrals and industrial enterprises, /the growth of the degree of mechanization and automation/ of the production processes and the introduction and modernization of the manufacturing technologies are being provided, as follows:

In the Mining Extraction Industry

/Up to 1985/, the degree of mechanization of the production processes will rise substantially in the underground opening and preparatory work, in the material-loading operations in the heading work in ore mines and in coal extraction.

/The mining industry will be supplied with new, highly productive machines and equipment/. New technologies for the exploitation of thick beds of bituminous coal and completely mechanized technologies for the extraction of coal at faces and in quarries, for the preparation of nonferrous and nonmetallic ores and for the mine-opening work will be introduced.

/In the 1986-1987 period/, the mechanization of the operations in the opening and preparatory work and in the extraction of coal and ore underground and on the surface will be concluded.

/In the 1988-1990 period/, the complete mechanization of mine galleries will be achieved; the introduction of the mechanization of the main operations underground and in quarries and of those of preparation and extraction of ore will be expanded.

In the Petroleum- and Gas-Extraction Industry

According to the targets in the program with regard to utilizing better and developing the base of mineral raw materials and primary energy, the drilling of a significant number of new exploratory wells for production, the better organization of the drilling activity and the putting of very deep wells into production, the application of new processes and methods of crude-oil recovery, especially the thermal methods that would lead to a higher final recovery factor, and the expansion of the closed system of crude-oil collection and separation on farms, in order to reduce the losses due to evaporation of light fractions, will be provided /up to 1985/.

/In the 1986-1987 period/, the technologies will be perfected by improving the production capacity of the wells, optimizing the working technologies at the very deep wells and expanding the drilling under pressure at wells beyond 2,000 meters; in addition, technologies for exploiting with mining methods the crude oil in oil sand will be applied and the number of geological and technological operations for increasing the inflow of crude oil into wells will rise.

/In the 1988-1990 period/, the accent will be put further on working out modern technologies and methods for intensively exploiting all reserves of useful substances under conditions of maximum economic efficiency. To this end, the development of the work of drilling and extraction of hydrocarbons at great depths and the utilization of the reserves of combustible shale located in difficult deposit conditions, including through gasification procedures, will be pursued; the collection and utilization of the gases resulting from emanations existing on the surface will be provided.

In the Metallurgical Industry

/In the 1983-1985 period/, 109 new and modernized technologies will be applied; the coefficient of extraction of rolled steel from a ton of steel will rise;

the operations of plant transportation, of apportionment of raw materials, and of loading of electric steel furnaces and the operations of nondestructive and ultrasonic control at the drill rods will be mechanized; the operations of electrode and nipple manipulation in the transportation and processing areas will be mechanized; the main operations at blast furnaces for obtaining pig iron and loading scrap iron at all steel mills with converters will be automated; the modern technologies for the production of blast-furnace coke, low-carbon steel and thick, high-strength, heat-treated sheets will be expanded; the technology for manufacturing big-diameter, hot-rolled seamless pipe and thin sheets of aluminum alloys will be introduced; the technologies for rolling sections, sheets and pipe will be perfected, with a view to making them to negative tolerances.

/In the 1986-1987 period/, the mechanization measures and the technologies applied in the 1983-1985 period will be generalized at all metallurgical units; there will be a steady shift toward the introduction of domestically produced apparatus and the standardization of all apparatus for supervision and management of production; the devising of new technologies for obtaining metallurgical products with an advanced degree of processing, the aim being to increase the percentage of heat-treated rolled and extruded steel, flat products and sections with better properties from steel and nonferrous metals and alloys, precision pipe used at extreme temperatures and high pressures, and material for deep drilling, including in corrosive media, technologies for manufacturing refractories with a high degree of heat resistance, new types of light and ultralight refractory products, special magnesiochromite and chromomagnesite refractories for high-capacity electric furnaces, heat-insulating powders with a low volume weight and so on will be intensified.

/In the 1988-1990 period/, new and modernized products from high-alloy steel, nonferrous metal and special alloys with nickel, titanium, zirconium, tungsten and so on will be introduced, in accordance with the needs of modern industry, especially the aerospace industry, nuclear power generation, electrical engineering and electronics. At the end of 1990, the consumption of coke, energy and fuel and the coefficient of extraction of rolled steel from a ton of steel will reach the level of the best achievements on a world level.

In the Machine-Building Industry

/In the 1983-1985 period/, 440 new and modernized technologies will be applied to production.

In the hot sectors, the preparation, molding and knockout operations and the transportation of molds in the iron and steel foundries will be mechanized; the mechanization of the operations of cleaning parts cast from pig iron will be expanded and complex mechanization will be introduced into dyecasting; the casting of parts from pig iron with ferritic nodular graphite, obtained without heat treatment, will be introduced; the technology for preparing stainless steel in induction furnaces, molding based on furan resins, the casting of parts in vacuum molds, and ultrasonic washing of the alkaline solution will be introduced; technologies for automatic and semiautomatic welding under pressure with a coating of flux and in media of protective gases will be introduced.

Group technologies for the centralized cutting of rolled steel and the cutting of sheets, new technologies for making and assembling the sections, block sections, installations and sets in the engine room, through modularization at the shipyards, and modern technologies for reconditioning used parts, making new parts and processing parts on sets of machines and others will be introduced.

/In the 1986-1987 period/, the measures for mechanizing the operations in the hot sectors and in the activities of transportation, handling and storage will be expanded and the new and modernized technologies applied in the 1983-1985 period will be generalized.

/In the 1988-1990 period/, the high-performance equipment required for export production and for coverage of the economy's needs will be achieved, with progressive integration of precision engineering and of electronics into the structure of the machines. In this way, conventional automatic systems for the molding and casting lines, cells for forging, heat-treatment processing and assembly, and the mechanization of the knockout and cleaning of castings and of the assembly in tractor production will be achieved; highly productive equipment with an automated electric drive and servosystems for nuclear-electric power stations, and the feeding and unloading of machine tools and those for manipulation on conveyors will be achieved.

In the Chemical and Petrochemical Industry

/In the 1983-1985 period/, 850 highly productive technologies with minimal consumptions of raw materials and energy will be applied. The technologies for obtaining styrene copolymers and the obtaining of new polymers with better qualities will be perfected; the technologies for obtaining nitro-lacquers and new types of resins for lacquers and paints, processed products from polyesters with glass fiber, and paints based on acrylic emulsions will be perfected; the technologies in the sectors of plastic processing and tires, the production of drugs, lacquers and paints, chemical fertilizer and inorganic products, and in the aluminum and nonferrous-metal industry will be perfected. In addition, the modern means of transportation with silo-type railroad cars and railroad cars with gravitational unloading for chemical fertilizer and sodium products will be expanded, along with the transportation of solid products in the form of powders or granules in a pneumatic system and the raising of the percentage of liquid chemical fertilizer.

/In the 1986-1987 period/, further action will be taken to better utilize crude oil, methane gas and various salts and ores, by generalizing in all units the technologies applied in the 1983-1985 period, there being further achieved highly productive and efficient technologies with minimal consumptions of raw materials and energy. Thus, new technologies for the pyrolysis of heavy petroleum distillates, for the optimal utilization of ethylene and propylene and for the obtaining of methanol from residual gases and of basic oils with improved characteristics from domestic crude oil will be devised.

/In the 1988-1990 period/, the process of mechanization and automation in the chemical industry will be expanded, in order to raise the outputs and the quality of production, as well as raising the degree of utilization in the

rubber- and plastic-processing industry, the manufacture of tires and drugs, the packaging of chemical fertilizer and the manufacture of inorganic products for obtaining ammonia through synthesis at low pressures, for purifying carbon dioxide with physical agents and so on.

In Wood Exploitation and Processing

/In the 1983-1985 period/, 370 new and improved technologies will be applied, pursuing the raising of the degree of higher utilization of timber, the chemicalization of wood and the modernization of the exploitation and transportation technologies; the processing in wood-sorting and -preindustrialization centers will be expanded, through the redesigning of the furniture based on boards and lumber with small thicknesses and of the accessories, the diversification of the production of boards from wood chips and the replacement of wood veneer with plastic sheets applied with mechanized and automated technologies.

/In the 1986-1987 period/, the technologies applied in 1983-1985 and the measures for mechanizing the heavy and labor-intensive operations will be generalized at all units; in the 1986-1990 period, action will be taken with priority to continually raise the degree of utilization of wood, with a view to meeting the growing needs of the economy. New and modernized products with improved characteristics and higher economic efficiency, new assortments of plywood with characteristics specific to the field of use, improved boards from wood chips and fibers, paper and cardboard, and new types of furniture will be introduced in this period.

/In the 1988-1990 period/, new means of mechanization of the production processes will be introduced into operations of wood sorting and processing, of gluing and pressing at the plywood factories and so on; in addition, new, improved technologies will be devised for making furniture from veneered panels through folding and gluing, for converting round timber and for collecting wood on land with a big slope, through the use of highly productive and efficient installations.

In the Construction-Materials Industry

/In the 1983-1985 period/, action will be taken mainly in the direction of improving the manufacturing technologies, by substantially increasing the production of ceramic blocks with light aggregates and using pressure tubes of prestressed concrete in the heat treatment; the loading and transportation operations will be mechanized; technologies that provide a reduction in the material consumptions, especially of energy and fuel, will be applied.

/In the 1986-1987 period/, the mechanization measures will be generalized at all construction-materials units; further action will be taken to modernize the manufacturing technologies in the production of prefabs from reinforced concrete, sanitary ceramics and heat- and water-insulating masonry materials; construction materials and elements with a high degree of equipping and finishing will be assimilated.

/In the 1988-1990 period/, means of mechanization and automation will be introduced into cement production, the installations at the paper, cardboard and sanitary-ware factories will be improved and modernized further, and so on.

In Light Industry

/In the 1983-1985 period/, 500 new and modernized technologies will be applied; the manual operations in various phases of manufacturing will be mechanized, by expanding the special devices on the clothing machines; the degree of mechanization and automation of the technological processes will rise due to the use of automatic weaving machines and automatic installations for preparing the mixture of granulated raw materials for heat-resistant glass through self-equipping; the equipment with an advanced degree of wear will be replaced with modern, highly productive equipment; action will be taken to improve the manufacturing technologies in the finishing of cotton-type fabrics and the methods of execution for garments, as well as dyeing with reactive dyes; reusable materials will be utilized to a greater extent in products with improved qualities, through the unification and standardization of the components and subassemblies.

/In the 1986-1987 period/, the mechanization measures and the new and improved technologies from the 1983-1985 period will be generalized at all units; measures for the higher processing and utilization, with maximum efficiency, of raw materials and recoverable and reusable materials, for the raising of product quality and for the growth of economic efficiency will be applied further.

/In the 1988-1990 period/, automatic lines will be introduced into the unraveling, cleaning and carding operations; some intermediate and final phases of the garment-sewing operations will be automated; the systems for automating the weaving machines will be modernized by transforming the conventional weaving machines into weaving machines without shuttles, by raising the woof-insertion speed, by devising new, unconventional weaving techniques and by automatically managing, controlling and regulating the weaving process.

In Construction-Assembly

/In the 1983-1985 period/, the raising of the degree of prefabrication of construction elements, the standardization of construction and the introduction of new construction materials and elements will be provided from the design phase. The degree of industrialization of construction will rise, so that the percentage of prefabs may reach about 30 percent in 1985; the main construction work will be mechanized to a degree of over 96 percent in earthwork, 95 percent in concrete work, 75 percent in dyeing and 80 percent in painting. To this end, the construction sites will use with maximum efficiency the highly productive equipment--excavators, scrapers and self-propelled scrapers, bulldozers, bucket loaders, tower cranes, self-propelled traveling cranes, concrete plants, canal-digging and -making installations and so on.

/In the 1986-1987 period/, the degree of industrialization of construction will rise further, to about 50 percent; the measures for mechanizing the main work for doing the embankment, plastering and metallic construction, transporting the aggregates and so on will be applied on all sites; new construction

technologies will be introduced on the sites, and new materials with better characteristics and parameters will be used, with special attention being devoted to light materials.

/In the 1988-1990 period/, the process of industrialization of construction will be concluded, generally speaking, by completely prefabricating the big-series elements in plants and by mechanizing the work processes on the construction sites. The main construction materials will be used in modern variants, which will provide a substantial reduction of the material and manual-labor consumptions, through the high possibilities of industrializing them.

In Agriculture

/In the 1983-1985 period/, on the basis of the programs drawn up, steps will be taken to completely use the soil and raise its production potential, to raise the average yields per hectare, to raise the birth rate, to lower the death rate and to achieve the planned weights on slaughtering the animals. The promotion of high-yield plant varieties and hybrids and of more productive breeds of animals in the socialist agricultural units will be pursued. On the basis of the introduction of the new system of machines, according to crops, the use of complex sets and the provision of improved and diversified agricultural equipment, machines and tractors will be expanded.

/In the 1986-1987 period/, the expansion of mechanization in all agricultural sectors will be continued, by diversifying the agricultural machines and tractors for growing vegetables, fruit, vines and rice. The work with a big volume of manual labor on natural pastures and meadows, the shifting of the water-spraying installations and the harvesting of vegetables and hay will be mechanized. In zootechny, the fodder-preparation operations will be mechanized to a greater degree, mechanical milking will be expanded and so on.

/In the 1988-1990 period/, the measures for mechanizing the agricultural operations in the vegetable sector and in zootechny will be expanded in the state and cooperative agricultural units. Agriculture will be equipped further with highly productive machines, in a wide range, corresponding to the structure of production and the different zones of the country.

In Railroad Transportation

/In the 1983-1985 period/, by developing, modernizing and raising the efficiency of the transportation fleet, the indices of utilization of the means on hand will be improved; the freight-car turnaround, the average daily run of the freight locomotives, the gross tonnage per freight train and the average speed of the freight trains will be improved.

/In the 1986-1987 period/, mechanized loading and unloading installations will be used, as well as raising the volume of goods transported in containers. In this period and especially in the next period, the use of the Danube-Black Sea Canal and the Midia-Navodari Canal will be of great importance for increasing the volume and efficiency of transportation.

/In the 1988-1990 period/, the measures for combined transportation, in containers, and the use, with maximum efficiency, of the various types of transportation will be generalized.

/Similar steps/ are expected to be taken /in all branches of the national economy/, for efficiently using the production capacities and the work force and for utilizing the fixed assets with high outputs. The provision of new machines, equipment and installations to the enterprises will be done on the basis of uniform standards according to branches, subbranches and groups of machines and equipment, by means of which levels of economic efficiency expressed by the physical output per unit of worktime, the level of the expenses for making the products, their profitability and so on are set; at the same time, these standards must lead to the introduction into manufacturing of machines, equipment and installations whose technical and economic performances are at the level of the highest outputs obtained in the country and abroad.

B. The Measures for Improving the Organization of Production and Labor

The measures for improving the organization of production and labor will help to raise labor productivity by a big percentage, over 38 percent of the labor savings in industry as a whole.

For achieving these targets, in the programs of measures for /the 1983-1985 period/ there are provided a series of actions referring to:

- a) The efficient use of the production capacities by all units by optimizing the production flows and sensibly placing the sections, shops, equipment, workplaces and storage spaces, depending on the type and character of production, so as to obtain maximum levels of production and labor productivity;
- b) The intensive utilization of all the existing machines, equipment and installations, by operating them at the level of the projected technical and economic parameters and the coefficients of utilization stipulated in the plan;
- c) The steady achievement of production, there being drawn up for each unit work timetables that would provide for the obtaining of the scheduled production in a balanced manner according to 10-day periods, through the utilization of the production capacities at a steady rate;
- d) The provision of a suitable ratio between productive labor and administrative labor, so as to achieve a continual increase in personnel who work directly in production; steps will be taken, through modern methods and techniques, to provide greater effectiveness in the management of production, the simplification of the information system and, on this basis, better use of the personnel now engaged in the activities of recordkeeping, accounting, supply, personnel and so on;
- e) The expansion of work on many machines, to which end studies and projects will be drawn up for repositioning the equipment and reorganizing the production flows and the workplaces to create the conditions needed for the expansion of work on many machines. In order to provide a rational and balanced degree

of employment for all personnel, the units have the obligation to provide the conditions needed so that the workers can perform their activity in accordance with the qualification or polyqualification that they have, tending the assigned number of machines or pieces of equipment;

f) The improvement in organization will have in view the formation of complex brigades in all economic units, depending on the specific character of the production processes and of the technologies applied, the improvement of the training of all worker personnel for the acquisition of thorough knowledge of everything that is new in the field of the trade or specialty, the organization of production and labor, the rational utilization of machines and equipment, the economization of raw materials, supplies, fuel and energy, the raising of the quality of production and services, the reduction of production costs and the raising of labor productivity.

The order and discipline at the workplaces will be strengthened, with the work-time of all personnel being utilized better and an optimum level of labor intensity in relation to the technical equipping being achieved in all enterprises.

/In the 1986-1987 period and up to 1990/, steps will be taken further to improve the organization of production and labor, generalizing in all units the results of applying the measures in the 1983-1985 period. In this regard, action will be taken to eliminate the discontinuities in the technological flows, to introduce on a wide scale technological lines for transference, to eliminate bottlenecks, to introduce on a wide scale modern and efficient methods of preparation, scheduling and supervision of production and to meet the need for tools, devices, gauges and spare parts. Firm steps will be taken to modernize the storage of raw materials, supplies and finished products. The organization of the workplaces, by improving the working conditions, the prompt provision of raw materials and supplies and the microclimate and eliminating all factors that impede the normal performance of labor, will occupy a more and more important place.

C. The Raising of Qualifications and the Improvement of Professional Training

The raising of the qualifications and the improvement of the professional training of all personnel will constitute an essential factor for fulfilling the targets for more marked growth in labor productivity. The measures established regarding the further improvement of education, its closer connection with production and the raising of the level of professional and technical training of the workers, technicians and specialists, of all the working people, for the handling of the modern means of production and the achievement of first-rate production, will be applied with complete firmness. Action will be taken regarding better distribution of the existing forces on the new platforms, to combine the long experience of the older personnel with the enthusiasm of the young workers and specialist personnel, in order to solve the problems at the qualitative and technical level required for the development of our society.

Targets for a further increase in skilled workers are provided in the program for training personnel for the 1986-1990 5-year period. Greater attention will

be devoted to providing skilled workers in short-handed trades in industry, especially in mining, petroleum, metallurgy and construction, and in the trades specific to agriculture.

All personnel will be included in the retraining courses on the basis of the programs specific to the activity performed, so as to provide by 1990 a level of scientific and technical theoretical and practical knowledge corresponding to the modern supply of machines and equipment for the units in the economy.

The teaching personnel, the scientific-research and technological-design personnel and the specialists with experience in ministries, centrals and enterprises will participate directly in preparing and carrying out the programs for improving the professional training of the working people.

IV. The Improvement of the Activity of Labor-Norm Setting

The improvement of the system of labor-norm setting and the establishment of a direct correlation between the physical labor productivity and the labor consumption per product are of essential importance for providing more marked growth in labor productivity.

All categories of personnel in the socialist units will perform their activity on the basis of scientifically substantiated labor norms and quotas (time standards, production quotas, personnel quotas or other types of norms, corresponding to the labor performed), set according to the technical operating parameters of the machines and equipment and the quantity of labor required, under conditions of better organization of production and labor.

1. The labor-norm setting will be carried on as a continuous process, in complete accordance with the changes that occur in the structure and technical level of the means of production and in the qualifications and the improvement of the professional training of the work force and, at the same time, will constitute the instrument for measurement of labor with a view to awarding the pay in relation to the labor performed.

The activity of labor-norm setting and of continual reduction of the labor consumption for making the products will be achieved in a unitary conception for the national economy as a whole, on the basis of the targets provided in the labor-norm-setting plans, as an integral part of the sole national plan for economic and social development.

The labor norms drawn up and applied must provide a systematic reduction in the labor consumption per product and an increase in labor productivity and must help to expand and generalize the most advanced manufacturing technologies and procedures for organization of production and labor, so that the products, activities and services of the same kind or category may be achieved with a minimal labor consumption; the action of expanding the uniform labor norms and quotas in all fields of activity will be continued, so that by 1987 this action may be concluded. To this end, by 1985, the entire cycle of revising the labor norms applied to production will be concluded, as follows:

Ministry	Percentage of the Volume of Labor That Is Done According to Improved Norms (in the Total Volume of Labor, %)		
	1983	1984	1985
Ministry of the Metallurgical Industry	55	85	100
Ministry of the Machine Building Industry	60	85	100
Ministry of the Machine Tool, Electrical Engineering and Electronics Industry	60	85	100
Ministry of the Chemical Industry	65	85	100
Ministry of Wood Industrialization and Construction Materials	60	85	100
Ministry of Light Industry	60	85	100

This action will continue in the 1986-1990 period, so that the labor norms may continually be aligned with the new technical, technological and production- and labor-organization conditions.

The top workers, foremen, technicians, engineers and other specialized personnel with extensive experience in production and the trade-union bodies in enterprises will participate in the actions of reexamining and improving the labor norms. The application of the new labor norms and the improved ones will be done after prior discussion of them with all worker personnel.

In the designing of new economic facilities and new machines, equipment, installations or technologies, the size and structure of the work force will be established on the basis of standards, there being provided in all cases the obtaining of a reduction in labor consumption and production expenses with respect to those that are achieved in the existing units. Products, equipment, installations and technologies which do not provide higher outputs and labor savings and which do not correspond to the best achievements on a world level cannot be designed and introduced into manufacture. At the same time, when new machines, installations and equipment with higher outputs are introduced, the labor norms, the need for manpower and its structure will be reset.

In order to systematically reduce the labor consumption for making the products, the uniform production quotas, expressed by the quantity of products that must be made by a person on a work shift, will be expanded. As a result, by 1990, the percentage of installations, machines and equipment for which uniform production quotas will be drawn up and applied in the main ministries will be between 60-90 percent.

The activity of preparing the production quotas according to installations, machines and equipment will constitute a permanent concern of the technological design and research institutes and the economic units, so that, on designing the products, production quotas that would provide for the achievement of higher physical productivities, comparable to those obtained in the developed countries, may be set.

2. According to the measures provided in the programs for ministries regarding the rationalization of the production flows, the improvement of the manufacturing and internal-transportation technologies, the mechanization of heavy work and that with a big volume of manual labor, the rational use of the production capacities, the expansion of work on many machines, the simplification of the information system, the putting of office activities on the computer and other measures with a technical character and for better organization of production and labor, a more rational utilization of all worker personnel is to be obtained, by /reducing to the bare minimum the administrative and indirectly productive personnel/, to which end targets for further improvement in the personnel standards, which will secure the efficient and rational use of all personnel, have been provided for each ministry.

Maximum standards for determining the number of service and indirectly productive personnel and for the administrative personnel, in the form of percentages of the total number of personnel, in all branches of the economy, have been established on the basis of the provisions of the program.

Within each branch, the personnel standards are established according to ministries and other central and local bodies, depending on the specific character of the activities, the degree of technical equipping and the level of organization of the units, they being assigned to centrals and enterprises by the plan titulars, so as to secure compliance with the average standards provided. Within the number of personnel resulting from the application of the maximum standards, each enterprise will set the number of service and indirectly productive personnel according to sections, shops or work formations, on the basis of improved labor norms or quotas, taking into account the volume of activity, the service zones, permanent posts and so on. In addition, the number of administrative posts according to functions and specialties will be set on the basis of the improved organizational diagrams and the structural standards in force for setting up the departments and offices, with each person's tasks and duties being specified in the job description.

3. On the basis of the measures for better organization of labor, the number of personnel /in the other branches of material production/ is set on the basis of uniform standards according to branches, detailed on the basis of concrete criteria according to types of units and the size of the units, so as to provide further improvement in the utilization of all personnel and their structure.

/In commodity circulation/--trade, supply and sales--and in tourism, the number of personnel is set on the basis of the physical volume of activity, the volume of sales, the areas served, the quantities handled and so on. Action will be taken to promote modern and efficient forms of selling, through the raising of the percentage of self-service stores, direct payment to the seller, collective administration and so on.

The provision of raw materials and supplies to the units will mostly be done direct from the supplier, avoiding the handling and manpower expenditures that result from their going through storage.

/In the other branches--telecommunications, services and communal administration/--the number of personnel is set on the basis of complex indicators and criteria (volume of activity, capacities in operation, means on hand and others), under conditions of efficient utilization of all personnel.

The personnel standards in these branches are established in such a way as to provide precise obligations and tasks for all personnel and the achievement of the entire activity under conditions of maximum efficiency.

4. /In the social and cultural sectors--education, health care, culture and art/--all personnel are determined on the basis of uniform standards, according to types of units, detailed on the basis of concrete criteria according to workplaces, which would provide for the setting of their number at the bare minimum and the use of them with maximum efficiency.

a) /In education/, the number of teaching personnel is set according to the number of classes of pupils and the fulfillment of the teaching quota set for primary and gymnasial education and secondary schools and according to the number of students and the groups of students set up within the departments in the institutes of higher learning.

The standards for all teaching personnel will be established so as to provide precise obligations and responsibilities for each teaching staff member for the normal performance of the educational process, the acquisition of the necessary theoretical and practical knowledge by pupils and students, and effective participation in all activities of the school.

b) /In the field of health care/, the number of specialized personnel, physicians and middle-level health personnel is set separately according to types of health units (medical dispensaries, polyclinics, hospitals, clinical hospitals, sanatoriums, preventoriums, maternity hospitals, dental offices, nurseries and so on), depending on the number of inhabitants in the territory assigned to the respective units, the capacity of the hospital units, the number of children under supervision and other specific indicators.

The personnel standards are established in such a way as to provide precise responsibilities, obligations and tasks for all health personnel, in relation to which the pay is set and which would lead to the strengthening of the state of health of the whole population.

c) /In the activity of culture and art/, the standards for the specialized personnel are established on the basis of concrete criteria according to each type of institution of culture and art, as follows: the number of houses of culture and the volume of activities performed within them, the number of libraries, the volumes of books consulted by readers, the publishing of their own publications, the number of museums and museum sections, the number of collections and the number of theaters, philharmonic and symphony orchestras, music halls and variety theaters, and opera and operetta houses.

The assigned personnel within each artistic institution for plays and concerts have the obligation to fulfill the individual work tasks set in accordance with

the specific character expressed in the number of performances per year, participation in cultural and educational activities, the preparation and achievement of performances, settings for plays and recitals, the volume of receipts, indices of use of the material base and other such indicators that would provide for the strengthening of the responsibility of these personnel for carrying out the party's policy of raising the efficiency in all forms of social and cultural activities.

In order to more rationally use the specialized personnel in social and cultural activities, the coordinating ministries and central bodies have the task of proposing the further improvement of the personnel standards, in relation to the new working conditions and the requirements for diversification of the activities, providing complete satisfaction of the social needs.

/The implementation of the decisions adopted by the 12th congress and the national conference of the party and the orientations and instructions of Comrade Nicolae Ceausescu, the secretary general of the party, regarding the marked growth of labor productivity and the improvement of labor organization and norm-setting will constitute a factor of maximum importance for growth in national income, the only source that provides the funds needed for the general development of society and the raising of the standard of living of the people. The firm application of the measures established will give new dimensions to the individual and collective initiative, to the responsibility of the working people for implementing the Romanian Communist Party's policy for efficiently administering the material and monetary funds, fully utilizing the production capacities and the work force and, on this basis, raising the incomes of all who work.

/The complete implementation of the program regarding the more marked growth of labor productivity and the improvement of labor organization and norm-setting and the orientations and instructions of Comrade Nicolae Ceausescu, the secretary general of the party, regarding the substantial growth of labor productivity and the attainment of the levels that are achieved in some developed countries is a decisive condition for raising the incomes and pay of the working people.

/The ministries, centrals and enterprises will have to act firmly to provide the material base and the full use of the production capacities existing in each unit, to steadily perform the production, investment and exportation activity, to strictly meet the obligations in economic contracts and the quality conditions and to continually raise the efficiency of the entire activity. The measures established through the program for stronger growth in labor productivity, with a view to sensibly using the work force in directly productive activities, for raising the incomes of the working people in direct relation to the fulfillment of the plan targets, will be applied firmly.

/It is necessary for all management councils and all working people, as owners, producers and beneficiaries, to act--as the secretary general of the party indicated--with the greatest responsibility to steadily perform all economic activity, to achieve the physical output and to raise the quality and efficiency in the whole national economy. The proper functioning of all worker

organizations, the general assemblies and the management councils of the economic and social units is decisive. The management councils of all units have the obligation to turn firmly to the application of the measures regarding stronger growth in labor productivity in all fields, beginning with this year, and to act with all forces to fulfill the task of doubling the labor productivity in the next few years.

/To this end, the investment funds of the enterprises will be used with priority to carry out the measures that would provide for the fulfillment of the targets for more marked growth in labor productivity. At the same time, they will involve the staffs of working people in responsibly fulfilling all tasks that devolve upon them.

/It must be understood with complete clarity by each working person that the steady fulfillment of the plan for economic and social development and the further raising of the well-being of the whole populace are provided only to the extent of the fulfillment of the plan in the best way, only through the substantial growth of labor productivity, the additional reduction of production expenses and the raising of the technical and qualitative level of all products, the growth of the economic efficiency in all fields.

/On our, everyone's, labor it depends that our life may become better, richer, this constituting the essential concern to secure the fulfillment of the provisions of the 12th congress and the national conference, for raising our homeland to a new stage of development and creating the conditions needed for the continual development of our country and, on this basis, the raising of the material and spiritual standard of living of the whole populace/.

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GUARANTEES TO FOREIGN INVESTORS DISCUSSED

Bucharest REVISTA ROMANA DE STUDII INTERNATIONALE in Romanian Nov-Dec 83
pp 485-494

/Article by Roxana Munteanu and Victor Tanasescu: "Aspects of Romanian Contractual Procedure in Guaranteeing Direct Foreign Investments"/

/Text/ 1. As Secretary General Nicolae Ceausescu has pointed out, in view of Romania's active participation in trade exchanges and international economic cooperation "A comprehensive long-term program must be drafted to accelerate the developing countries' socioeconomic progress and on behalf of active collaboration between them and the developed countries and among all states of the world regardless of social systems that will also provide for the development and stability of the world economy as a whole." And he went on to say, it is necessary "to begin developing the fundamental principles of the new international economic order and of relations based on equity and mutual benefit to replace the present standards of unfair world economic relations." (1)

And for that very reason and in view of the restructuring and redistribution required by the new international order, the legal system for foreign investments in the developing countries, including their promotion and guarantee, will have to reconcile all states' independence, which requires full exercise of their sovereignty and is reflected in a certain internal development, with the demands of a growing interdependence.

The fact is that direct investments entailing a number of risks to foreign investors (2) have necessitated legal guarantees in addition to economic and financial ones.

As a rule the legal guarantees are made by the host state, either unilaterally through internal legislation whereby it guarantees the security of foreign investments within its territory (3) or by concluding international agreements on promotion and guarantee of foreign investments.

Protection of foreign investments and investors by bilateral agreements concluded by Romania with other states can help, by means of the specified mutual guarantees, to increase the investors' confidence in completion of the economic

and industrial capacities and accordingly favor the development and expansion of economic cooperation.

For example, in 1976-1982 the State Council ratified 15 agreements on this subject that Romania concluded with the United Kingdom and Northern Ireland (1976), Egypt (1976), Austria (1976), France (1976), Italy (1977), Pakistan (1978), Belgium-Luxembourg Economic Union /BLEU/ (1978), Sudan (1978), Gabon (1979), the FRG (1979), Senegal (1980), Cameroon (1980), Denmark (1980), Sri Lanka (1981) and Yugoslavia (1982). (4)

Of all the provisions entered in these agreements, we shall discuss those concerning the object, subjects, principles and methods of protection.

2. Object of protection. According to the agreements, two categories of investments benefit by contractual protection, namely capital investments accepted according to the legislation of the contracting party on whose territory the investment is made, and investments existing when it went into effect. (5) But the scope of the investments varies from one agreement to another.

In the agreements with Egypt (Article 8, Paragraph 1), Yugoslavia (Article 1a) and Sudan (Article 2a), the capital investment is defined by a general formula as the contribution in any form of the investors of any contracting party made according to the respective laws and regulations of the host country and the documents approving the investment, or as the contribution to the construction of an economic capacity including all the goods, services and funds of the shareholders in the investment. In addition to the general formulation, the other agreements also list the particular forms of the capital investments, which listings are solely of an indicative nature, and agreements like that with the FRG for example stipulate that modification of the form in which the property values are invested does not in any way affect their capacity as capital investments (Article 7, last paragraph).

Accordingly Article 2, Paragraph 1 of the agreement with Denmark defines the capital investment as any interest in an enterprise including any portion of the capital to which an investor is entitled, as well as any increase in the value of the capital, and especially but not exclusively (a) stock, shares or any other interests in enterprises formed on the territory of a contracting party, (b) reinvested profits, claims, or rights to services with a financial value, (c) chattels and real property as well as any real-property rights such as mortgages, privileges, liens and any similar rights as they are defined according to the law of the contracting party on whose territory the respective property is located, (d) rights to industrial and intangible property, technology, trade marks, good will, know-how and any similar rights, and (e) concessions granted by law or contract and especially concessions for prospecting, extracting and exploiting natural resources, including those in maritime areas under the jurisdiction of any of the contracting parties. (6)

Whereas in general all the concluded agreements concerning participation in or contribution to the capital of a mixed company expressly refer to direct investments, the agreements with France, Senegal and Gabon contain express provisions concerning indirect investments, which are also covered by the stipulated legal protection. (7)

In this connection, indirect investments are defined as "the investments held by a company with its social headquarters on the territory of one contracting party in another company or economic activity on the same territory, when the former company is formed with the contribution to its capital of an investor of the other contracting party," while the term direct investments means "the investments held by an investor of one contracting party in a company or economic activity on the territory of the other contracting party." (8)

3. As for the subjects of protection, the agreements include a number of provisions specifying the parties that can qualify as investors.

Concerning Romania, the agreements apply the principle specified in Article 7 of Law No 1 of 1971 on Romania's Foreign Trade and Technical-Scientific and Economic Cooperation and implicit in Article 5 of Decree No 424 of 1972 on the Formation, Organization and Operation of Mixed Companies in Romania, to the effect that Romanian investors can be only Romanian economic units with juristic personalities and legally provided functions of foreign trade and international economic cooperation.

Investors in the other states that are parties to an agreement can be either juristic persons or individuals who are nationals of the respective states. (9)

The criteria for determining the nationality of the juristic persons in the other contracting state are expressly specified in some agreements.

Thus the agreements with Sri Lanka, Great Britain, Denmark and Italy establish the place of their formation, that is their incorporation or registration, as the criterion in Article 3b and in Article 2, Paragraph 3b.

Article 2, Paragraph 2b of the Agreement with Pakistan determines the nationality of the juristic persons (Pakistani industrial enterprises) by the criterion of the social headquarters.

The agreements with the BLEU, Austria, the FRG and France employ a combined criterion to determine the juristic persons' nationality, consisting of the place of formation and the social headquarters. (10)

As it has been pointed out in the Romanian legal literature, use of the combined criterion of the social headquarters and the place of formation excludes from nationality in the respective state juristic persons that have their headquarters within its territory but were founded abroad, as well as juristic persons formed in a country but with headquarters outside its borders. (11)

4.3 [sic] The principles of protection. The foregoing agreements establish the principle of granting most-favored nation treatment and that of observing the assumed obligations.

According to the most-favored nation clause each contracting party agrees to accord its partner state's capital investments or investors fair and just treatment at least equivalent to that accorded investments in third countries.

Moreover each party will automatically benefit by the more favorable treatment included either in internal legislation or in present or future international agreements concluded by one of them with any other states. (12)

If they wish the parties can institute certain variances from the most-favored nation treatment by excepting from its application the advantages accorded the privileged states as a result of an economic, customs or fiscal union.

Thus the agreements with BLEU (Article 1, Paragraph 3), Great Britain (Article 3, Paragraphs 3-4), Italy (Article 3, Paragraphs 2-3), Cameroon, Senegal (Article 3, Paragraph 2), Denmark, Sudan (Article 3, Paragraph 3), the FRG (Paragraph 1d of the protocol to the agreement) and Sri Lanka (Article 4, Paragraph 3) stipulate that this treatment does not include the privileges a party accords the investors of third states because of its membership in regional economic unions.

Moreover granting the most-favored nation treatment does not obligate the contracting parties to extend to the investors of the other party the advantages provided by their own internal legislation in the matter of taxes and fees or by the international agreements on that subject.

Pursuant to the principle of *pacta sunt servanda*, the agreements call for fulfillment by each contracting party of all other assumed obligations in connection with the capital investments made by the investors of the other contracting party. (13)

4. Methods of protection. The foregoing bilateral agreements provide guarantees in keeping with the risks for which they are given.

The guarantees to be given against the risk of expropriation for public use or of nationalization or against the risk of a war, revolution or uprising in the host state are distinguished from the measures for free transfer of the profits made or of the output produced, the liquidation procedures, and the foreign exchange clauses.

4.1 Guarantees against the risk of expropriation, nationalization and other such measures. The agreements Romania has so far concluded have followed the principle of granting compensation in such situations, a principle recognized in the practice of international law on the subject of private investment protection.

In stipulating in principle that the capital investments of the investors of any of the contracting states will not be nationalized, expropriated or subjected to any such measures, the agreements permit the host state to take such measures only if there is a public interest and they are taken according to a proper legal procedure with compensation. (14)

Some agreements (15) include among the terms for expropriation and other such measures the requirement that they not be discriminatory. In connection with the latter the agreements contain provisions on the criteria for damages and the procedure to be followed to determine the amount and the methods of payment of damages.

The criteria for damages are characterized as follows: They must correspond to the value of the investment as of the date of expropriation, and they must be actually payable (liquid and payable on demand at the time the property is transferred), freely transferrable and paid without delay. (16)

As for the procedure for setting damages, Article 3, Paragraph 1 of the agreement with the FRG stipulates that the procedure will conform to the laws of the contracting party on whose territory the capital investment was made.

4.2 On the basis of such criteria, the risk of war or other armed conflict, revolution, state of national emergency, revolt or uprising on the territory of the other contracting party is guaranteed by adequate damages that will cover the losses sustained and will be freely transferable. (17)

A general provision made by the concluded agreements refers to the fact that in all these situations the investors benefit, through damages and other restitutions and reparations, by fair treatment that is to be no less favorable than that accorded the investors of any third state. (18)

4.3 Free transfer of the profits made is a common clause in the agreements concluded by Romania, whereby each contracting party guarantees the investors of the other party free transfer of capital and profits again in case of liquidation or alienation of the product of total or partial liquidation or alienation of the investment. (19)

As specified in the agreements with Egypt, Great Britain, Italy, Austria, Denmark and Sri Lanka, transfer of these sums does not affect each contracting party's right to the equitable, honest and undiscriminating exercise of the prerogatives conferred by its laws.

Moreover these sums will be transferred in accordance with the appropriate procedures, upon payment of the taxes and other obligations of the investor within the other contracting party's territory where the investment was made. (20)

4.4 Other monetary guarantees. The analyzed agreements also contain a number of provisions concerning transfers of foreign exchange, which the three forms of protection have in common.

In this regard it is stipulated that the transfers will be made without delay, in the same convertible currency in which the capital investment was made or in any other freely convertible currency agreed upon, and at the rate of exchange in effect as of the date of the transfer (21) (or as of the date of payment in the agreements with Egypt and the FRG). (22)

4.5* The analyzed agreements also stipulate, either expressly or by implication only (23), that each state may guarantee the investments made by its own investors on the partner state's territory, within the limits of its own legislation, on the basis of examination of each case, and provided that the said investments have been previously approved by the host state.

Accordingly, if the state makes payments to its own investors according to its guarantee in order to cover losses to investments on the other contracting party's territory due to the above-mentioned risks, it is substituted in the rights, obligations and actions of those investors.

As a result of the substitution, the state is authorized to exercise the transferred rights and actions but it cannot acquire rights or assume obligations greater than those of the insured investor.

*Substitution in the investor's rights.

Moreover those rights shall not be exercised until the taxes and fees legally incumbent on the investor are paid and the other obligations specified in the documents approving the investment are fulfilled.

5. Provisions on settlement of differences. The analyzed agreements contain provisions as to the ways of settling both disputes between investors and the host country over the amount of damages, and differences between the contracting parties concerning the interpretation and application of the agreement.

5.1 Ways of settling differences concerning the amount of damages are like a jurisdictional guarantee in that they accompany the financial guarantee of a fair compensation. The agreements apply the principle of exhausting the internal remedies, or submitting the differences to the court or other competent organ in the country wherein the investment was made. (24) Only if the differences persist after the final decision of the national court will it be possible to appeal to the jurisdiction of an international body. In this connection it is stipulated that each party is entitled to submit the difference for conciliation or arbitration to the International Center for Settlement of Disputes Concerning Investments Between States and Persons of Other States (CIRDI) according to the procedure specified by the Washington Convention of 18 March 1965. (25)

Nevertheless some agreements stipulate that the requirement to exhaust the avenues of appeal offered by the legislation of the contracting party on whose territory the investment was made can no longer be brought by that party against the other party's investor after a period of 6 months (or 2 years) beginning to run as of the date of the first act of litigation to settle the dispute on the part of the courts. (26)

Some agreements also set a time limit within which the litigation is to be submitted to the CIRDI.

Thus according to Article 3, Paragraph 3, Article 4, Paragraph 2, Article 5, Paragraph 2, and Article 7, Paragraph 1 of the agreements with the FRG, Senegal, Cameroon and Italy, this time limit is 2 months after the internal avenues of appeal are exhausted (or, according to the agreement with the FRG, after the decision pronounced in the course of the legal procedure becomes final).

While the jurisdictional guarantee specified in the above-mentioned agreements applies to the amount of the damages alone, the provisions of the agreement with Austria have a broader scope, also applying to the methods of determining competence to validate the claims and profits flowing from investments, and also to execution of the decisions (Articles 10, 11 and 12).

5.2 Provisions on disputes between contracting states concerning interpretation and application of the agreement can be summarized in the two following categories of main Provisions:

- The dispute is to be settled in the first place through negotiations.
- The dispute is submitted to an arbitration court upon the request of one of the parties only if it cannot be settled within a certain time limit. (27)

For each particular case, the arbitration court is composed of judges named by each contracting party and of a chief justice who is a citizen of a third state designated by the contracting parties on the recommendation of the two judges or chosen by them with the approval of the contracting parties. (28)

The arbitration court determines its own procedure, and its decision by majority vote is final and binding.

The provisions of the agreement and of other agreements concluded between the contracting parties as well as the principles and standards of international law constitute the applicable law when the decisions are adopted.

Romania's bilateral contractual procedure in the promotion and mutual guarantee of capital investments provides a system for international protection upon which investors can rely and which also allows for the host state's priorities.

The agreements already concluded accordingly provide a suitable legal framework for further development of international economic cooperation on the basis of equality and mutual benefit.

FOOTNOTES

1. Nicolae Ceausescu, "Speech at the Joint Plenum of the RCP Central Committee and the Supreme Council for Economic and Social Development," 25 Nov 1981, Bucharest, Political Publishing House, 1981, p 61.
2. For the classification made in the legal literature of these risks into commercial and extracommercial risks excepting political ones, see Z. A. Kronfol, "Protection of Foreign Investments. A Study in International Law," Sijthoff, Leyden 1972, p 30 ff. J. Alibert, "Les garanties juridiques et financieres des investissements prives," Colloque juridique international, 22-24 May 1967. "Les investissements et le developpement economique des pays du tiers monde," Paris, Pedone, 1968, p 157 ff.
3. For the Romanian state's guarantees to foreign investors, see Roxana Munteanu and Victor Tanasescu, "Les garanties accordees aux investisseurs etrangers," in REVUE ROUMAINE DES SCIENCES SOCIALES. SERIE DES SCIENCES JURIDIQUES, No 1, 1978, pp 131-134.
4. Ratified by Decree of the State Council No 215 of 5 Jul 1976, BULETINUL OFICIAL, No 70, 14 Jul 1976; No 367, 2 Nov 1976; No 93, 4 Nov 1976; No 82, 15 Apr 1977; No 34-35, 23 Apr 1977; No 432, 31 Oct 1978; No 104, 16 Nov 1978; No 70, 1 Mar 1979; No 19, 5 Mar 1979; No 418, 5 Dec 1979; No 97, 8 Dec 1979; No 316, 14 Oct 1980; No 84, 17 Oct 1980; No 67, 25 Mar 1981; No 19, 27 Mar 1981; No 342, 26 Nov 1981; No 94, 28 Nov 1981; No 100, 28 Mar 1983; and No 23, 1 Apr 1983.
5. Art 2 #2 and Art 9 in the agreement with Egypt, Art 1 #2 and Art 8 in the agreements with Great Britain and Italy; Art 1 in the agreement with Pakistan; Art 2 #1, 2 and Art 14 in the agreement with Austria; Art 1 and Art 11 in the agreement with France; Art 1 #1 in the agreement with BLEU; Art 1a

and Art 11 in the agreement with Yugoslavia; Art 1 and Art 8 in the agreement with Gabon and Sudan; and Art 1 in the agreements with Senegal, the FRG, Cameroon, Denmark and Sri Lanka.

6. To the same effect see Art 2 #1 of the agreements with Senegal, Cameroon, Gabon, BLEU, Great Britain and Italy; Art 7 #1 in the agreement with the FRG; Art 1 #1 in the agreements with Austria and Sri Lanka; and Art 2 #1 in the agreement with Pakistan, listing only the foreign exchange, important machines and equipment, know-how, technology and patents.
7. Thus Art 2 #1 of the above-mentioned agreements specifies that the capital investment means "any direct or indirect contribution..."
8. Art 2 #3 of the agreement with France and Art 2 #4 of the agreements with Senegal and Gabon.
9. To this effect, Art 1 #3 in the agreement with Sri Lanka; Art 8 in the agreement with Egypt; Art 7 #3 in the agreement with the FRG; Art #3 in the agreements with Great Britain, Italy, Gabon, Senegal, Cameroon and Denmark; and Art 2 #2 in the agreements with France, BLEU and Pakistan. Some agreements do not qualify individuals as investors. Thus Art 1 #4 of the agreement with Austria refers solely to "companies," which term means the non-independent economic enterprises managed by the public sector in addition to juristic persons, and Art 2 #2 in the agreement with Sudan refers to private and state Sudanese economic units.
10. To this effect, Art 2 #2b of the agreement with France refers to "juristic persons incorporated in France according to French law, where they also have their social headquarters," and that of the agreement with BLEU refers to "any juristic person and any commercial firm headquartered in Belgium or Luxembourg and validly incorporated according to Belgian or Luxembourg law," Art 1 #4 of the agreement with Austria mentions "juristic persons and companies according to commercial law that are founded according to Austrian law and headquartered in Austria, and Art 7 #3b of the agreement with the FRG refers to "any juristic person and any commercial company or other society or association with or without juristic personality, legally founded with its headquarters within the field of application of the present decree, regardless of whether the liability of the companies, associations or its members is limited or unlimited and whether its activity is intended to make a profit or not."
11. O. Capatina, "Control of Foreign Juristic Persons in Romania," Bucharest, Academy Publishing House [APH], 1969, p 79.
12. Art 1 of the agreement with BLEU, Art 2 of the agreement with the FRG, Art 3 of the agreements with Austria, France, Italy, Great Britain, Denmark, Cameroon, Senegal, Sudan, Gabon and Pakistan, Art 4 of the agreement with Sri Lanka and Art 7 of the agreement with Egypt. For the most-favored nation clause according to Romania's contractual procedure, see T. R. Popescu, P. Patrascanu and O. Capatina, "Law and International Economic Cooperation," in "Role and Functions of Law in Building the Fully Developed Socialist Society," Bucharest, APH, 1974, p 268; N. Androne, Al. Bolintineanu and I. Nestor, "Romania's Contractual Procedure As an Important Contribution to Advancement of Contemporary International Law and International

Cooperation," in "Contemporary Romanian Law. Evolution and Prospects," Bucharest, Scientific and Encyclopedic Publishing House, 1977, pp 357-358; A. Nastase, "Most-Favored Nation Clause in Contemporary International Economic Relations," in STUDII SI CERCETARI JURIDICE, No 1, 1981, pp 35-45; and A. Nastase, "Forms of the Most-Favored Nation Clause in Romania's Conventional Practice," REVUE ROUMAINE DES SCIENCES SOCIALES. SERIE DE SCIENCES JURIDIQUES, No 1, 1981, pp 27-36.

13. See Art 7 #2 of the agreement with Egypt, Art 4 of the agreement with Gabon, Art 3 #5 of the agreements with Great Britain and Denmark, Art 3 #4 of the agreement with Italy, Art 2 #3 of the agreement with the FRG, Art 3 #3 of the agreements with Cameroon, Senegal, Pakistan and Sri Lanka. Art 3 #3 of the agreement with Austria states that these obligations include only those assumed by the competent authorities of the contracting parties in the exercise of the public authority.
14. Art 4 #2 of the agreement with Austria and #2b of the protocol to the agreement with the FRG define expropriation in the broad sense to include nationalization. Concerning the other agreements, see Art 3 #1 of the agreement with the FRG and #2a of the protocol, Art 3 #1, 2 and 4 of the agreement with Egypt, Art 4 #1 of the agreements with Denmark and Pakistan, Art 4 #1 and 2 of the agreements with Great Britain and Italy, Art 6 #1 and 3 of the agreements with Sri Lanka and France, and Art 1c and 5 of the agreement with Yugoslavia.
15. Agreements with Cameroon, Senegal, Yugoslavia, Gabon and BLEU in Art 4a and b, Art 5 #1, Art 5b and Art 3b respectively.
16. Art 3 #1 of the agreements with Egypt and the FRG, Art 3c of the agreement with BLEU, Art 4 #1 of the agreements with Great Britain, Italy, Austria, Denmark, Sudan and Pakistan, Art 4c of the agreement with Cameroon, Art 5 #1 of the agreement with Gabon, Art 4, Art 5 #2 and Art 7 #1 of the agreement with Yugoslavia, and Art 6 #3 of the agreement with France. The agreements with Great Britain, Denmark and Sri Lanka also stipulate that damages will include interest for any period of unwarranted delay in payment on the time they were definitively set.
17. See Art 3 #2 of the agreement with Egypt, Art 3 #4 of the agreement with the FRG, Art 4 #3 of the agreements with Austria, Denmark, Senegal and Great Britain, Art 5 of the agreement with Sri Lanka (The said texts in the agreements with Sri Lanka, Great Britain and Denmark also include losses or damage due to requisitions made on the other party's territory), Art 4 #2 of the agreements with Italy, Sudan and Pakistan, Art 5 #3 of the agreement with Gabon, and Art 5 #1 of the agreement with Cameroon.
18. Art 3 #4 and 5 of the agreement with the FRG states that this treatment is to be equal to that received by investors in third countries enjoying the most favorable treatment.
19. Art 8 #2 of the agreement with Egypt, Art 5 of the agreements with Pakistan, Sudan, Great Britain and Italy, Art 4 of the agreement with the FRG, and Art 2 and Art 7 #2 of the agreement with Yugoslavia. Some agreements also

guarantee transfer of sums other than the above-mentioned. Thus Art 6 of the agreement with Austria, Art 5 #1a, b and c in the agreements with Denmark and Senegal, Art 6 #1b, c and d in the agreements with Cameroon and Gabon, Art 8 of the agreement with Sri Lanka and Art 4 #1 of the agreement with BLEU specify transfer of dividends and other current incomes from investments, of payments made to repay credits for investments and the interest on them, and of earnings of citizens authorized to work in an investment project implemented on the other contracting party's territory. Art 7 of the agreement with France also mentions the dues from intangible rights and the payments made to repay the loans received to implement the investment projects and to pay the interest on them.

20. Art 5 #2 of the agreement with Denmark, #3 of the protocol to the agreement with the FRG, Art 5 of the agreement with Sudan, Art 6 #2 of the agreement with Gabon, Art 4 #2 of the agreement with BLEU, Art 5 of the agreement with Pakistan and Art 8 #2 of the agreement with Sri Lanka.
21. The term "without delay" is defined in Art 7 #2 of the agreements with Italy, Austria and Senegal, in Art 6 #4 of the agreement with Gabon and in #4 of the protocol to the agreement with the FRG as within the time it normally takes to fill out the transfer forms. It runs from the day the transfer request with the necessary documents was sent to the competent authorities and must never exceed 2 months (3 months in the agreement with Gabon) from the date of filing the transfer request.
22. See Art 5 of the agreement with Great Britain, Art 9 of the agreement with Sri Lanka, Art 7 #1 of the agreements with Italy, Austria and France, Art 7 of the agreements with Denmark, Senegal, Sudan and Pakistan, Art 6 #1 of the agreement with the FRG, Art 6 #3 of the agreement with Gabon, Art 4 #2 and 3 of the agreement with BLEU and Art 8 #1 of the agreement with Cameroon (#2 stating that the transfers must be made within 3 months at most after completion of the exchange formalities in force in the country where the investment project was implemented.
23. Art 9 of the agreement with France expressly specifies this guarantee. The other agreements imply it in the provisions on substitution (Art 5 of the agreements with BLEU, the FRG and Egypt, Art 6 of the agreements with Great Britain, Italy, Denmark, Senegal, Sudan, Pakistan and Yugoslavia, Art 7 of the agreements with Cameroon and Gabon, and Art 11 of the agreement with Sri Lanka).
24. Art 3 #1 items 1 and 2 of the agreement with Egypt, Art 3 #3 of the agreement with the FRG, Art 3 #2 of the agreement with BLEU, Art 4 #1 of the agreements with Sudan, Pakistan and Denmark, Art 4 #2 of the agreement with Great Britain, Art 4, last paragraph of the agreement with Senegal, Art 5 #1 of the agreement with Cameroon, Art 5 #2 of the agreement with Gabon, Art 7 #1 items 3 and 4 of the agreement with Italy, Art 8 of the agreements with France and Yugoslavia and Art 2 #7 of the agreement with Sri Lanka, of which Art 7 #1 also stipulates that any legal dispute about an investment shall be settled amicably between the parties if possible.
25. Romania ratified this convention by Decree of the State Council No 62 of 30 May 1975, in BULETINUL OFICIAL I, No 56, 7 Jun 1975. For the nature of the

regulations included in the convention, see O. Capatina, "Foreign Trade Litigation by Arbitration," APH, 1978, pp 152-153.

26. Art 4 #1c and Art 5 #3 in the agreements with Senegal and Cameroon and Art 3 #4 and Art 8 in the agreements with BLEU and France. According to Art 7 #2 of the agreement with Sri Lanka the 6-month time limit runs from the time the dispute is submitted for amicable settlement, and unless the parties have agreed otherwise, any party to the dispute will be entitled to submit it to the CIRDI for conciliation or arbitration after the local administrative and judicial remedies are exhausted.
27. This time limit is 6 months from the date the negotiations begin or the dispute arises, according to the agreements with BLEU (Art 6 #1), with Denmark, Pakistan and Senegal (Art 8 #1), with Italy, Great Britain, Sudan and Gabon (Art 9 #1), with Yugoslavia (Art 9 #1), with Egypt (Art 10 #1) and with Sri Lanka and France (Art 12), or from written notice of the request for arbitration to the other party, according to the agreement with Cameroon (Art 9 #2). The agreement with Austria (Art 13) specifies a time limit of 1 year.
28. The judges and chief justice are appointed within a certain time limit. If they have not been appointed within the time limit agreed upon, they are appointed by the UN secretary general, according to Art 6 #2 of the agreement with BLEU, Art 10 #2 of the agreement with Egypt, Art 12 #3 of the agreement with France, Art 8 #1 and 2 of the agreements with Pakistan and Senegal and Art 9 #2 of the agreements with Gabon and the FRG or, according to the other agreements, by the chief justice of the International Court of Justice.

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